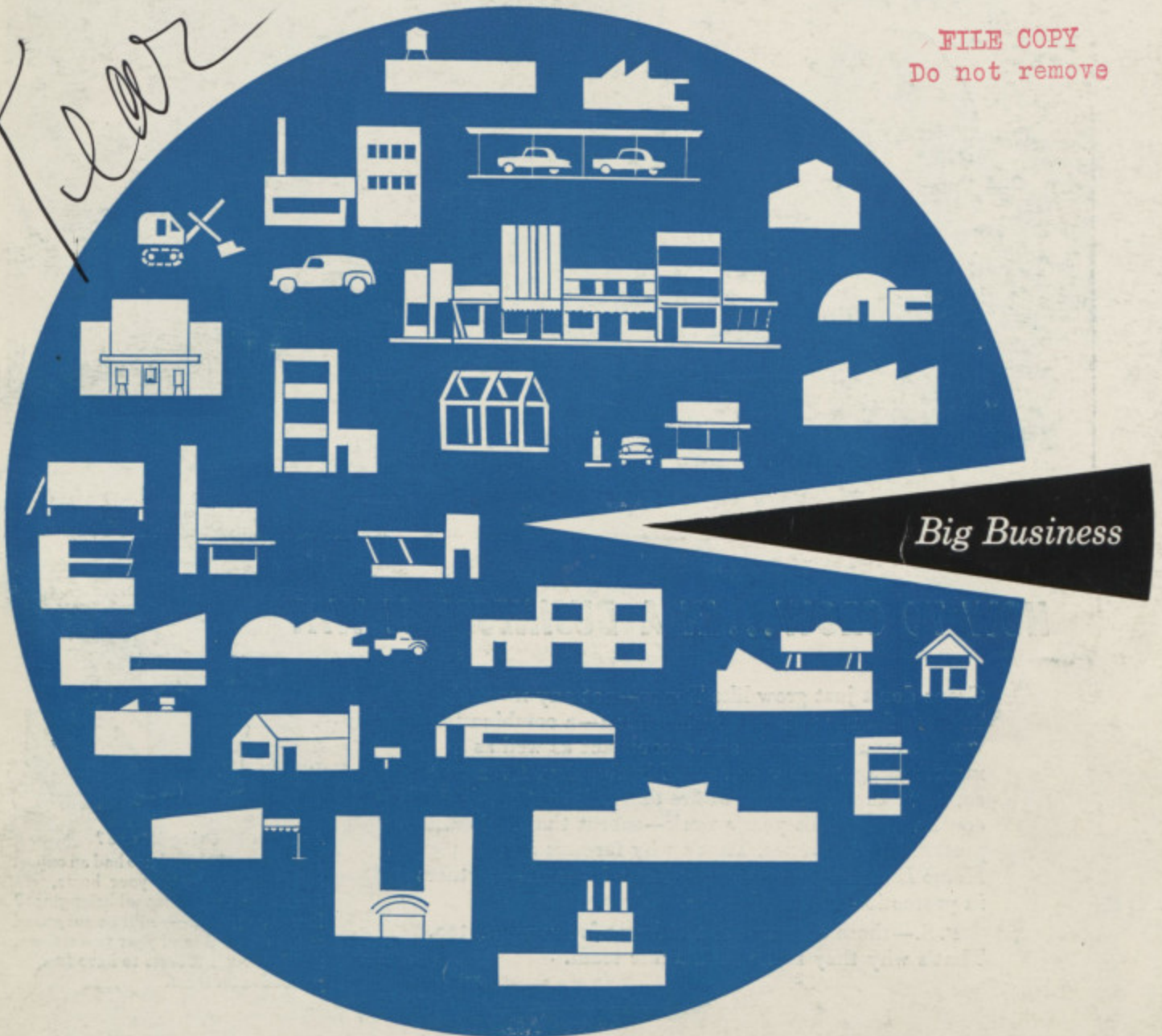


# Nation's Business

MAGAZINE FOR BUSINESSMEN

APRIL 1954

FILE COPY  
Do not remove



*Big Business*

## ● **SMALL BUSINESS** *America's Biggest Business.*

*Interview with Wendell B. Barnes, SBA head*

*Small Business: 1 what it is 2 its problems 3 its strength  
4 its failures 5 its environment 6 Small Business and government*

## LABOR'S POLITICAL PLANS FOR '54

page 25



Meet your HOMEtown Insurance Agent



## HOW TO GROW...IN A BUSINESSLIKE WAY

Crops don't just grow like Topsy—not any more. Today's farmer is a real businessman—a combination weatherman, mechanic and accountant as well as a master of agriculture or animal husbandry. Even so, he faces the hazards of fire and hail that could wipe out his year's work—except that he is *protected by insurance*. That's why farmers and Home Insurance agents work hand-in-hand—partners in protection and production.

P. S.—those agents talk the farmer's language, too: That's why they make such a fine team.



Are you in this picture?

How long since you have had an expert insurance survey of your home, furnishings and personal belongings? Better do it soon—you'll be surprised at the total value of your possessions, and how *little* it costs to have full protection for them.

☆ Your HOMEtown Agent can serve you well—see him now!



*The farmer's friend—Generations of farmers have welcomed the Home agent and the insurance protection he has brought on crops, buildings and equipment.*

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*Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

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Casualty Insurance, Fidelity and Surety Bonds



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Whatever your business or profession... whatever your refrigeration need... you'll get the most efficient and economical installation possible from your local distributor of McCray Commercial Refrigeration.

Your factory-trained McCray distributor is accustomed to meeting and solving an almost endless variety of refrigeration problems. And his McCray

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City and State.....



# George S. May business engineers prove again MORE WORK and MORE PROFIT from present facilities and manpower!



## KING-LAR COMPANY

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Decatur - Illinois

April 3, 1952

George S. May Company  
Engineering Building  
Chicago 6, Illinois

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Both management and supervisors are happy with the incentive plan your engineers laid out for us. It has meant reduced friction and a finer spirit of cooperation through-out the entire organization.

We are now convinced that by following your recommendations, we can handle a further 50 per cent increase in production with our present facilities and man power.

When problems arise in the future, we shall certainly ask you to help us solve them.

Cordially yours,

KING-LAR COMPANY

By *Frank Larson*  
Frank Larson  
President

ELI:va



Put this vast  
reservoir of business  
knowledge to work for  
your company!

Mr. Larson talks in his letter about "streamlining our operations... eliminating duplication of effort... definitely assigning responsibility and authority..." Do these corrections of common business ailments apply to *your* company? Would a thoroughly experienced outside viewpoint be helpful in *exposing* and *correcting* basic weaknesses? Are you ready to learn the FACTS and act accordingly? Then George S. May is the company for you to call on.

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Our specially trained representative will show you, without cost or obligation, exactly how the George S. May Company would approach your business problem and what kind of results you could reasonably expect.

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letters received from over 2800  
different kinds of business we  
have served since 1925.*

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32-page illustrated  
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sales and marketing failure.

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CHICAGO 6, Engineering Building NEW YORK 17, 122 E. 42nd St.

SAN FRANCISCO 2, 291 Geary Street CANADA, 660 St. Catherine Street, Montreal



# Nation's Business

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- 7 Management's Washington Letter
- 10 Letters to the Editor
- 14 By My Way R. L. Duffus
- 17 The State of the Nation Felix Morley
- 21 Washington Mood Edward T. Folliard
- 25 Labor's Political Plans for '54 Sam Stavisky
- 28 Versatile Sugar Learns New Trades Evan M. Wylie
- 29 Ten Men Ike Counts on Most Tris Coffin
- 32 Cool Air Sparks a Hot Boom Edward Lockett
- 34 How's Business—A Look Ahead
- 36 Your Standards Are Set Here Alfred Toombs
- 42 Dagger at Our Backs Stanley Ross

## SMALL BUSINESS: AMERICA'S BIGGEST BUSINESS

- 57 Interview with Small Business Administration Head
- 63 Small Business: Herbert Harris
  - 1. What it is
  - 2. Its problems
  - 3. Its strength
  - 4. Its failures
  - 5. Its environment
  - 6. And government
- 80 Ambition Lights His Way Eugene Kinkead
- 92 United Selling Boosts Tea Sales Collie Small
- 101 NB Notebook
- 104 Small Business: It is the Country

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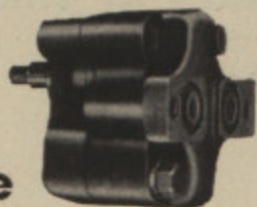
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...with the

help of a **B-W PESCO PUMP**



With the rugged, dependable hydraulic system on the powerful Farmall Super C tractor with Fast-Hitch, farmers have complete finger-tip control of the tillage tools. Control that helps ease and speed their field work, thus saving time for other chores.

To power this work-saving, time-saving hydraulic system, International Harvester uses a small hydraulic pump engineered and produced by Borg-Warner's Pesca Products Division. Weighing only three pounds, it operates at 1200 psi, pumps 4½ gallons per minute at 2800 rpm. "Pressure Loaded", it provides a uniform rate of flow regardless of changes in fluid temperature, viscosity, or load conditions.

This application of Pesca hydraulic pumps to modern farming methods is a typical example of how Borg-Warner's broad engineering skills and extensive production facilities serve America every day—through the automotive, agricultural, aviation, marine, and home appliance industries.

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185 products in all are made by

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## ABOUT THIS ISSUE

VETERAN WASHINGTON newsman **SAM STAVISKY** wrote "Labor's Political Plans for '54," an informative story starting on page 25 of this issue.

Mr. Stavisky covers the labor-management front for the Washington Post. In the accompanying photo he is shown at his desk in the Post newsroom.

Mr. Stavisky started newsgathering in Boston, Mass., got additional experience in Rochester, N. Y., and he reached the Washington beat in 1938.

"Ever since," he says, "wonderful Washington has been my oyster, a fascinating oyster ever productive of pearls to the hard pry. Sure, Washington is also a mystery and a confusion, girdled by impenetrable red



ELLIS

tape and guarded by gobbledygook-armed bureaucrats; but cut through the snarl and the semantics, through the snafus and the statistics, and always on the other side is the story."

**STANLEY ROSS** has been working in and around Latin America for the past 12 years as a newspaper correspondent, publisher and consultant to what he describes as "sick" newspapers in need of professional prescriptions for recovery.

Mr. Ross has visited every country in the Western Hemisphere at least once—and made five different trips to Venezuela last year.

A year-long investigation of communist influence in Latin America gave Mr. Ross the background to write "Dagger at Our Backs," which begins on page 42 of this issue. His inquiry was conducted at the request of a group of Latin American anti-communist regimes which, he says, "fear that the U. S. Government is not fully aware of the danger of the movement in Latin America."

Mr. Ross is 39, married and, between trips to South America, makes his home in Brooklyn Heights, N. Y.

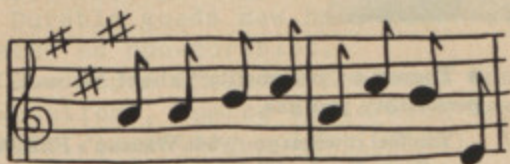


Telephones  
are very  
useful



Alexander Graham Bell - inventor  
Uses of the telephone -

- A Business calls 1. Groceries
  - B Friendly calls 2. Medicines
  - C Ordering calls 3. Meats
- Others, including military calls



(Tune - Yankee Doodle)

Telephones are very useful,  
Of that we're aware.  
So when you use the telephone  
Just handle it with care.



When some one is in trouble you can  
call up people to help you. If some one is sick  
you can call the doctor. And if your house is  
on fire you call the fire department.

Some of the most interesting illustrations of the value of the telephone come from children. Here are a few, selected from many hundreds by grade-school pupils. They show imagination and a characteristic way of telling a story in a few words. Take, for instance, the words "Telephones are very useful." We couldn't sum it up better than that in a hundred years.

Bell Telephone System

LOCAL to serve the community. NATIONWIDE to serve the nation.





*What is there about Wausau, Wisconsin, that makes it the ideal home for one of the world's most important insurance companies?*



Mr. Ross (seated, left) has a friendly "Kaffeeklatsch" with Pres. W. G. Whyte and V. Pres. M. C. Engstrom (standing) of Wausau's First American State Bank—a correspondent of the Chase National.

*Employers Mutuals asked a visiting New York banker for his comments. Here is his story:*

# Wausau Story

By FRANCIS G. ROSS, Vice President  
Chase National Bank, New York



• There's a "personality" about Wausau. It's a personality you like.

You feel it when you visit Wausau's First American State Bank and have a cup of coffee (in the board room!) with some of the officers. You feel it when they tell you what they did during Christmas week. A full-time organist played Christmas music in the lobby, and school children came in and serenaded the bank's customers with carols.

You feel it when you meet Wausau businessmen—when you see Ed Seim, for example, standing out in front of his haberdashery nodding and chatting with passers-by.

You feel it when you drop over to "The Mint," Milt Mueller's popular Wausau restaurant where shoppers and Third street businessmen gather for their morning coffee. Hearing I was visiting from New York, Milt insisted on our having a cup of coffee "on the house."

You feel it when Robert Hagge tells you about the Community Chest Drive he headed up this year. They brought in \$98,000—a mighty good showing for a city of 9000 families. Robert added proudly that 100% of the employees of his own company, Employers Mutuals, gave to the Fund.

You feel this "personality" about Wausau. And you know that Employers Mutuals naturally absorbed that personality, made it the measure of a way of doing business. And how could a company with such a spirit help but succeed in a country like this where most of us are "Wausau" basically—and like it that way?

## Employers Mutuals of Wausau are "good people to do business with."

There's a little bit of Wausau on the sidewalks of New York—and in all the 89 cities where this Company has offices. We write all lines of fire and casualty insurance—everything but life insurance. Our largest line is workmen's compensation. We have two reputations, born and raised in Wausau, that we aim to hold. The first is

that we'd rather prevent than just pay for an accident. Our accident-prevention program, second to none, means lower insurance costs to policyholders. The second is claim service. Handled direct by our branches, this service is unexcelled in the insurance field for care and fairness, with a signal record for prompt payments.

# Employers Mutuals of Wausau





► EXPERTS REVAMP economic indices.

Decision stems from economic reasons—but still promises political fireworks.

(Privately, G.O.P. leaders hope updating some formulae will take punch out of Democratic "hard times" vote pitch.)

Here's an example of what's happening:

Federal Reserve shifts production index to 1947-49 base.

Production had been based on 1935-39 period.

New figures include television, electronics, air-conditioning, aviation, other fast-growing industries.

Durable goods now have same weighted value as non-durables.

New index includes seasonal factors (vacations, number of working days in month, inventory policy, etc.), thus levels off steep dips.

Over-all, new index will show greater growth in output since '47 (35 per cent up to this year), as compared with 27 per cent by old figures.

► LEGISLATIVE PROBLEMS grow in Congress.

Here's tentative line-up for this month (but it can change when March business activity, final employment figures are in):

Government spending—it's due for rise, not cut, despite action of congressional committees.

Farm price supports—debate will rage between flexible backers (75 to 90 per cent of parity) and rigid supporters (90 per cent). Minor support reductions shape up.

Social Security—coverage, benefits are in for further increases.

Foreign trade—there'll be more studies. President may get limited authority to adjust tariffs through fiscal '55. Probability: No action.

Taft-Hartley—pro-labor and pro-business sections, recommended by Administration, will be watered down. Result: Little change.

Tax revision—any guess is a good one now.

Note: There will be November effect on all legislative action.

► TEN PER CENT rise in corporate earnings compared with year ago is reported by National City Bank of New York.

Bank compiled current reports of 2,359 companies covering 1953 operations, found earnings total \$9,900,000 000 after taxes.

Compares with \$9,000,000,000 for same companies year ago.

Greatest rise—38 per cent—shows up in iron, steel; reflects recovery from 1952 strike. Others up: textiles, clothing, leather and shoes, rubber products, paint.

Lower net came in beverages, coal mining, variety chains, wholesale and miscellaneous, amusements, real estate.

Tax effect: Manufacturing profits rose 17 per cent pretax, 11 per cent after tax.

► MORE THAN 2,000,000 Korea veterans have entered job market in past year.

That's substantial segment of labor force.

How are the vets making out, job-wise?

More than 90 per cent hold jobs or are self-employed. Six per cent are in school or unable to work.

Less than four per cent are jobless.

Note: Since many entered service from school or college, percentage of unemployment is actually lower after service than before.

Note, too: 5 per cent jobless immediately after Korea compares with 8.2 per cent following World War II.

► FRINGE BENEFIT demands may slow up this year.

The reason?

Congress probes collection, investment of welfare, retirement funds. Some unions go slow on new demands, pending outcome.

Union leaders want to keep control of fund collections—aren't likely to push more fringe demands into public spotlight.

Lawmakers' studies may result in recommendations for state-administered system.

Note: Probe isn't likely to look into biggest funds—railroad and miners.

First is administered by federal gov-



ernment; second has good bill of health.

► **KEEP YOUR EYE** on steel production this month.

It's rising—but a bit slower than past seasonal trends.

If the curve bends upward, look for up-swing in business activity.

If it dips: Best bet is that U. S. will move quickly to shore it up.

Here are the signs to look for:

1. Firming (or softening) of scrap price—bellwether of the industry.

2. Inventory build-up among steel consumers against strike outlook.

3. Spring rise in home and industrial construction.

4. Spring rise in demand for farm implements.

Note: Steel's now producing at around 70 per cent of capacity, or 1,720,000 tons weekly.

But new mills boost capacity: In '48, industry turned out 1,695,000 tons weekly at 94.1 per cent of capacity.

► **FOOD FOR THOUGHT:** How's consumer confidence holding up?

Here's one sign:

Americans have bought \$114,515,000,-000 in Savings Bonds (all types) since 1935.

After 18 years, two wars and two business downturns (1937-38, 1948-49), they're still holding on to \$57,918,-000,000 worth—50.58 per cent.

Of \$10,754,000,000 in E bonds matured during past three years, owners hold 75.4 per cent—\$8,108,000,000 worth—on continuing interest plan.

Average annual redemptions over past 10 years equal about 12 per cent of amount outstanding at year's end.

► **WHERE DOES** your sales income go?

Here's how 100 largest U. S. corporations spend theirs:

More than half (56.3 per cent) is paid out for goods and services purchased from others.

This amounts to more than twice as much as that paid for wages and salaries.

It's 10 times greater than all tax levies, larger than all other expenses and profits combined.

So slip this under the glass on your desk:

Care in buying's as important as enthusiasm in selling.

► **EMPLOYES' SHARE** of national income rises steadily.

Other forms of income—corporate profits, rent, interest—drops.

Trend has been in motion more than four years.

The figures: 1950, wages, salaries accounted for \$153,400,000,000 of national income totaling \$240,600,000,-000.

That's 63.7 per cent.

In '51, percentage jumped to 64.2; in '52, 66.2; last year, 67.4.

In 1929, when total national income stood at \$87,800,000,000, employees received \$50,800,000,000—or 58.1 per cent of total.

Note: Only in depression, when business went in red, did employees earn over 70 per cent of national income.

► **SHOPPING CENTER** business booms.

But they're still few in number.

Sixty-eight of the 153 centers operating in '53 report sales volume of \$1,600,000,000.

One third of the 153 opened last year. More than half of total operating are less than two years old.

Centers currently lease space to 5,500 retail, service stores. Ninety-eight new centers are under construction; 60 are in planning stage.

► **KEEP CLOSE TABS** on collections.

Surveys indicate volume of past-due bills up slightly.

Department of Commerce has guide: Sixty-day-old collection claim is only 90 per cent collectible.

At end of six months, uncollected dollar's worth 67 cents.

At year's end it has shrunk to 45 cents.

Suggestion: You can save yourself money by thorough survey now of month-old unpaid bills.

► **U. S. ECONOMY** depends less on weather.

Here's why:

Faster transportation shrinks coun-



# washington letter

try. Synthetic fibers don't rely on crops.

More people travel, more take winter vacations.

Air conditioning means man-made weather.

Picture as a whole is bright:

Work's spread over longer periods, more places.

Worker's income rises, is more stable.

Diversification of products gets a boost.

Remember when family had to preserve its own food for winter use?

► **BETTER SELLING** can create jobs—as well as move goods.

If you're in high tax bracket, there's leeway to trim gross profits, take on salesmen, keep net up with new business they bring in.

Example: Say you grossed \$100,000 last year. You can take 20 per cent of it, hire two or three salesmen, beef up volume.

But here's a word of caution from tax experts: Hiring salesmen isn't a cut and dried proposition.

They've got to produce. That's plain—or the added overhead can outweigh added volume.

Your sales policy makes a difference, too, in buyers' market:

Want to increase volume with lower prices?

Or maintain prices with lower volume?

It's obvious you can't add to your costs and cut your volume, even if you maintain prices.

Suggestion: Let your tax attorney or accountant go over the proposition with you.

► **LABOR FORCE** shrinkage nearly equals rise in unemployment.

Last year's labor force: 67,001,000. Average so far in '54: 66,291,000. Shrinkage: 710,000. (Figures include armed services.)

At same time Census Bureau's new (broader) sampling base has added 780,000 to list of unemployed.

► **THERE AREN'T** many secrets to sizing up economic conditions.

Facts, trends available to Federal

Reserve Board, Council of Economic Advisers, are available to you through your newspapers, other publications.

Fact is, you may be a jump ahead of the experts, on basis of local conditions, if you can read the signs.

Examples:

Note rise (or decline) in help, situation wanted ads.

Examine your city's budget for trends in new capital expenditures—and what they're going for.

Note number of vacant, for rent signs on apartments, commercial buildings.

You can rely on these observations—it's where Uncle Sam gets his figures, too.

► **DOES YOUR** community want new business, industry?

You can learn what you have—and what you need—to attract industry through U. S. Chamber of Commerce manual, "The Community Industrial Development Survey."

Send 50 cents to Department of Manufacture, U. S. Chamber, Washington 6, D. C., for your copy.

► **BRIEFS:** Business plans an expenditure of \$5,000,000 this year to support Better Schools Campaign. . . . Farm parity ratio averages 95 per cent over past 43 years. . . . There are more than 10,000,000 people in the U. S., not steadily employed, who take temporary jobs in course of a year. . . . Compulsory auto insurance faces big fight: Insurance firms say it's not likely to cut accident rate. . . . U. S. revises upward its "7,000 new mouths a day to feed"; it's more than 8,000 now. . . . Canadian capital invested in Canadian-controlled firms in U. S. rises more percentage-wise than corresponding investment by Americans in Canada: 96 per cent as against 70 per cent over four-year period. . . . New construction—and repair of old structures—will account for at least 13 per cent of gross national product in '54, will provide 15 per cent of nation's employment, builders say. . . . Oops Dept.: March Letter reported 40 per cent of U. S. families earning between \$3,000 and \$5,000 in 1939—should, of course, have been 4 per cent.



# Don't Walk... TALK!



## THE **NEW** EXECUTONE INTERCOM Saves steps, increases output, cuts costs!

Compute the cost of time wasted by executives and employees running back and forth. *That's how much* the NEW Executone Intercom can save you! Your voice—with lightning speed—gets information, gives instructions. Your employees accomplish more, too, with inter-departmental communication. "Inside calls" no longer tie up telephone lines. Office and plant operate at a new peak of efficiency!

### Years ahead of its time in operation and design!

"CHIME-MATIC" Signalling announces calls with a soft chime and signal light, saves time on every call. New switching circuits for every need make new savings possible. Voices are clearer, distinct, instantly recognizable. Inexpensive 2 station system easily expanded. See it—no obligation. Just mail the coupon.

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SOUND SYSTEMS

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FIRM.....

ADDRESS.....CITY.....

IN CANADA: 331 Bartlett Ave., Toronto

# Letters TO THE EDITOR

## \$35.37 no princely sum

The article "Indiana's Revolt" in your March issue, outlining the activities of D. Russel Bontrager, impels me to make one suggestion: I should like to have Mr. Bontrager live for one month on the \$35.37 he considers such a princely sum for old age pensioners. At the conclusion of that period, I am sure any article he wrote on the subject would have a different tenor.

Mr. Bontrager should recognize that according to latest scientific findings, it is important that the aged have a high protein and vitamin-rich diet, which he must take into consideration in making this scientific experiment.

At the end of 30 days, I should be very much interested to know whether his findings remain the same as at the time Mr. Thompson interviewed him.

I personally am not a pensioner, and trust I may never become one, but it would seem that the trend of Mr. Bontrager's proposals would be that we should starve the aged, if necessary, but by all means let us have a reduced caseload.

ESTHER VOSS SPITZ  
El Cerrito, Calif.

## ... Nor is \$75 ...

I cannot determine whether or not you feel it is fair to restrict a person in the 65-75 year age bracket to a maximum of \$75 per month.

The amount a married couple receives in benefits is insufficient to meet present day costs, and in the event one dies, the survivor is left practically destitute. Therefore, I feel that the worker should be permitted to make all he can without penalty.

We sometimes forget that the beneficiary is not asking for government money, but seeks only to benefit from the fund he has set up through his own efforts in the past and such additional amounts as his failing strength will permit him to make in the future.

CHESTER T. BALCOM  
Melrose, Mass.

## ... And furthermore

Reading Craig Thompson's "Indiana's Revolt" told me nothing I did not know or suspect about the public assistance program of our country. Mr. Thompson's plea for withdrawal of federal participation in the program is absurd, and the appearance of this article in your magazine in my mind lines you up with big business and "old guard" republicanism—that is, "Save me from taxes—to hell with anybody who can't take care of himself."

Much could be said about Mr. Thompson's style. He fails to identify fully a Federal Security Agency folder that he writes about, but quotes it in

part, to leave us with the impression that the FSA's purpose is to work toward the "socialized" state—whatever that term may mean.

He gets "corny" in describing Mr. Bontrager's appearance and likely position in later life, had not Mr. Bontrager been suddenly awakened in a drowsy divorce court.

As reported by Craig Thompson, I could admire Mr. Bontrager for his diligence in learning much about public assistance in Indiana, but when Mr. Bontrager calls the giving of Aid to Dependent Children allowances the "issuance of licenses for prostitution" he shows his ignorance of the basic idea back of the program—an attempt to preserve the human dignity of persons in need of assistance in various forms from their fellow men. Mr. Bontrager overlooks the fact that regardless of his judgment of the mother, her children need to eat, which is the purpose of the program. I'm glad I don't live in Indiana where my family or relatives would be liable to the label of prostitutes should they become in need of ADC allowances.

It is clear to me that NATION'S BUSINESS found the article sufficiently slanted to appeal to its limited audience—an audience that will become increasingly limited as our country takes on the "New Look" of the Republican party under Eisenhower.

L. E. MITTER  
Memphis, Tenn.

## Corporation schools

An article in your January NB Notebook section inferred that the Crown Zellerbach Paper School is the only one of its kind. I don't think it is anything to make an issue of, but as a graduate of a course at the Chrysler Institute of Engineering I don't wish to see the Chrysler Corporation go unnoticed. I would like to say a few words in regard to these corporations which provide such schools.

I think that these corporations have a more valuable product or products to offer their buyers because these colleges, or institutions, naturally foster a right way and a better way of doing things, which means a quality product. This also means a higher degree of knowledge available. They can take the new and advanced ideas out of the dream stage and make them a reality, available to their buyers years sooner.

I would like to add that these corporations, with their colleges and institutions, do more than teach science. It makes a production worker feel that he is wanted and included in the corporation and that he can be in its plans for the future. It gets rid of that attitude of "I am on the other side of the



# "We 'educated' our College Heating Plant...

## with a modern coal installation we saved more than a third of our fuel bill,"

says Mr. James Gribben, Chief Engineer of Bethany College, Bethany, West Virginia.



"Colleges watch operating costs as closely as any business firm—and one big item for our college is the heating bill.

That's exactly why Bethany went to the expense of putting in new coal heating equipment! Our old system supplied heat for sixteen buildings—to the tune of 2,600 tons of coal a year. Our new installation, with its automatic stoker, does the same job using only 1,650 tons. That's a fuel saving of 38.9%! Our eyes certainly have been opened to the efficiency and economy of bituminous coal—especially when it's burned with modern equipment."

**M**odern combustion installations can add anywhere from 10% to 40% to the energy obtained from the same amount of coal in years gone by. Great advances have been made in coal- and ash-handling equipment, too—cutting labor costs—making coal as clean and convenient to use as any fuel.

If you're planning to modernize your present installation—or thinking of building a new plant, call in a competent consulting engineer. He'll show you how a modern coal system designed to meet your specific needs can save you money and serve you better!

And don't forget—you'll always be able to get the coal you need. America's coal industry is the most efficient in the world. America's coal reserves are ample for centuries to come. Right now and for the future, too, coal users can be assured of a dependable fuel supply at reasonable prices.

### **BITUMINOUS COAL INSTITUTE**

A DEPARTMENT OF NATIONAL COAL ASSOCIATION  
Washington, D. C.



Here's Bethany's new boiler room, showing the pipe of the automatic stoker.

**THIS MODERN EQUIPMENT WILL PAY FOR ITSELF, THROUGH FUEL SAVINGS ALONE, IN LESS THAN TWO YEARS!**

**If you're running your own steam plant — for heat or for power — you just can't afford to ignore these facts!**

**COAL** in most places is today's most economical fuel.


**COAL** resources in America are adequate for all needs—for hundreds of years to come.

**COAL** production in the U.S.A. is highly mechanized and by far the most efficient in the world.

**COAL** prices will therefore remain the most stable of all fuels.

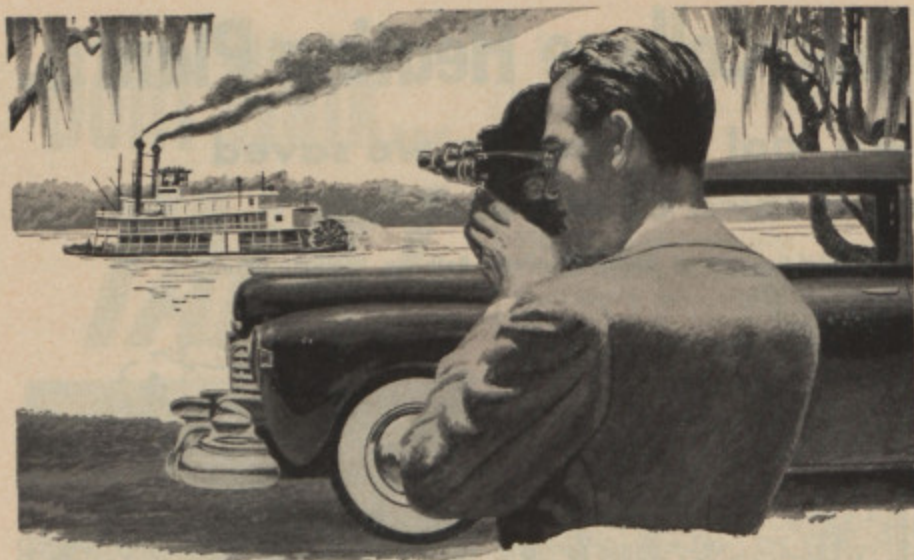
**COAL** is the safest fuel to store and use.

**COAL** is the fuel that industry counts on more and more—for with modern combustion and handling equipment, the inherent advantages of well-prepared coal net even bigger savings.

FOR HIGH EFFICIENCY  FOR LOW COST

# YOU CAN COUNT ON COAL!





## Film purchase exposes \$23,200 Theft

(A true story based on Hartford File 121465)

About a year ago we took on a new bookkeeper. We were pushed for time so we put him to work without looking up his references.

Soon he began drawing company checks for his own use. At first they were small. But before a year was up, they totalled more than \$23,200.

Just before our annual audit was due, he quit. Before he left he had bought \$200 worth of movie film for which he paid with a company check. A call to us by the film sup-

plier about a delivery slip-up led to our discovery of his embezzlements.

Before the police caught up with him he was 1200 miles away, and very little of our money was recovered. We might have had to stand the entire loss he caused but for one thing—our "Dishonesty, Disappearance and Destruction" insurance.

Because we had this policy, the Hartford Accident and Indemnity Company made good to us the full amount of our loss—\$23,232.27.

No businessman ever knows when he may be faced by serious loss due to dishonesty, disappearance or destruction.

Under a "DDD" policy, you can be insured against losses of money, securities and other property due to dishonest or fraudulent acts by employees or others, or through theft, burglary and holdup. Forgery, or the alteration of outgoing checks, drafts or notes is likewise covered, as is destruction of money or securities by any cause.

Ask your Hartford Accident and Indemnity Agent, or your insurance broker, to explain in detail how a Hartford "DDD" policy can protect *you* and *your business*. See how little it costs in proportion to the coverage it provides.

Year in and year out you'll do well with the

# Hartford



Hartford Fire Insurance Company • Hartford Accident and Indemnity Company  
Hartford Live Stock Insurance Company • Hartford 15, Connecticut

fence" which is prevalent in all production workers.

The Chrysler Institute of Engineering and the Crown Zellerbach Paper School tend to make better individuals of their employees, who, in turn, are more likely to make better citizens; thereby, the chances for a better community are enhanced.

I was a former production worker, draftsman and I am now a tool engineer.

ALGER J. RICE  
Detroit, Mich.

### Let's not call it a business

I am a postmaster in a fourth class post office and I have the post office in the same building with my business.

If I manage the post office like I do my business the department would discharge me.

If I manage my business like I manage the post office I would go broke and quick. So let's not call it a business.

Why can't the post office be competitive? Why can't the post office be aggressive? Why can't the patron be called a customer? Did anyone ever transact any business with a post office employe and have him thank you or ask you to come back?

JESSE THOMAS  
Albert, Okla.

### Wants staggered starts . . .

Why not have staggered starting times in stores, offices, shops, and other places where it is possible?

For instance—Why do three clerks have to report at opening time when there is only enough business for one clerk to handle in the early hours?

Why does the whole office force need to begin at nine and stop at 4:30 or 5:00? How about one third at 9:00 or 9:50, one third at 9:10 or 9:20 and the other third at 9:35 or 9:50? Going home the same way—one third at 4:10, one third at 4:25, one third at 4:50 or some such arrangement? Crazy? Yes, today. A few years hence, the practice!

IMRE DOMONKOS  
Oberlin, Ohio

### . . . And common sense

Aren't we, as a nation, more worried about peak traffic than we are about leveling the peaks and valleys?

Aren't we forgetting that everybody doesn't have to work from eight to five or from nine to six for five days a week with everybody rushing to and from work at exactly the same hours and further confusing the situation by going to work just when children are going to school?

What's the matter with five days a week with Sunday and Monday off—just for one example?

Why do we continue to force the same traffic jams by decreeing that *all* must work Monday - through - Friday and then turning *all* loose at the same time to jam the highways on weekends? Does that make sense?

We CAN do a lot with what we have  
(Continued on page 72)



# Industrial Sites between DETROIT and TOLEDO

These sites lie between Routes 24 and 25, the two main highways between Detroit and Toledo, and right alongside the Chesapeake and Ohio's Ottawa classification yard. That means fast, direct freight service to practically everywhere.

The location is at Erie, Mich., only ten miles from downtown Toledo, eleven miles from Monroe, and forty-seven miles from Detroit. The C & O owns 913 acres here which will be divided to suit the purchasers.

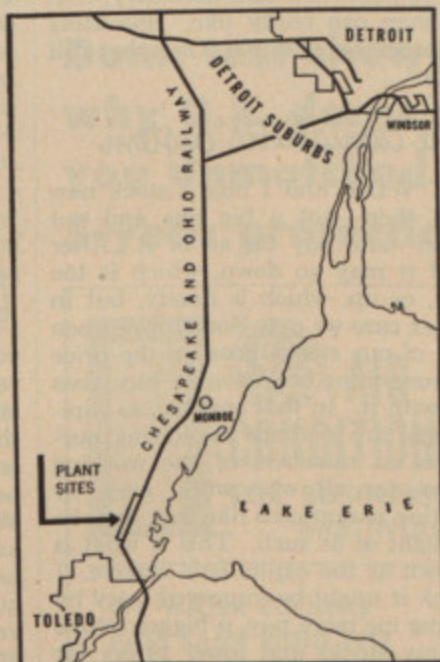
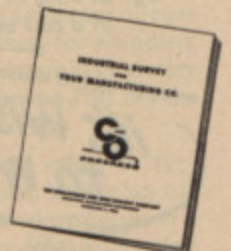
**Labor.** Skilled labor of all kinds is to be found in this area of diversified industry. Five thousand commuting workers pass this site on their way to jobs in Toledo.

**Water.** Before dieselization we built a ten-inch pipeline from

nearby Lake Erie and a softening plant to water the steam locomotives. There are 500,000 gallons of soft water a day now available to anybody who wants it, and an unlimited supply from nearby Lake Erie.

Natural gas and electricity are available.

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them—the earth and the human race—the better I like them about as they are.

## O'Connell's big sunflower

ANOTHER episode in the Cold War was when Dr. Daniel T. O'Connell, who cultivates land in South Londonderry, Vt., when he is not teaching in City College, New York, grew



a sunflower with 144 rows of seeds. The best the Russians have done in spite of having socialized the sunflower, is, Dr. O'Connell believes, 55 rows of seeds. But Dr. O'Connell is at a disadvantage. The Russians can shoot somebody if he outdistances them. He can't shoot anybody if they outdistance him—he doesn't even want to.

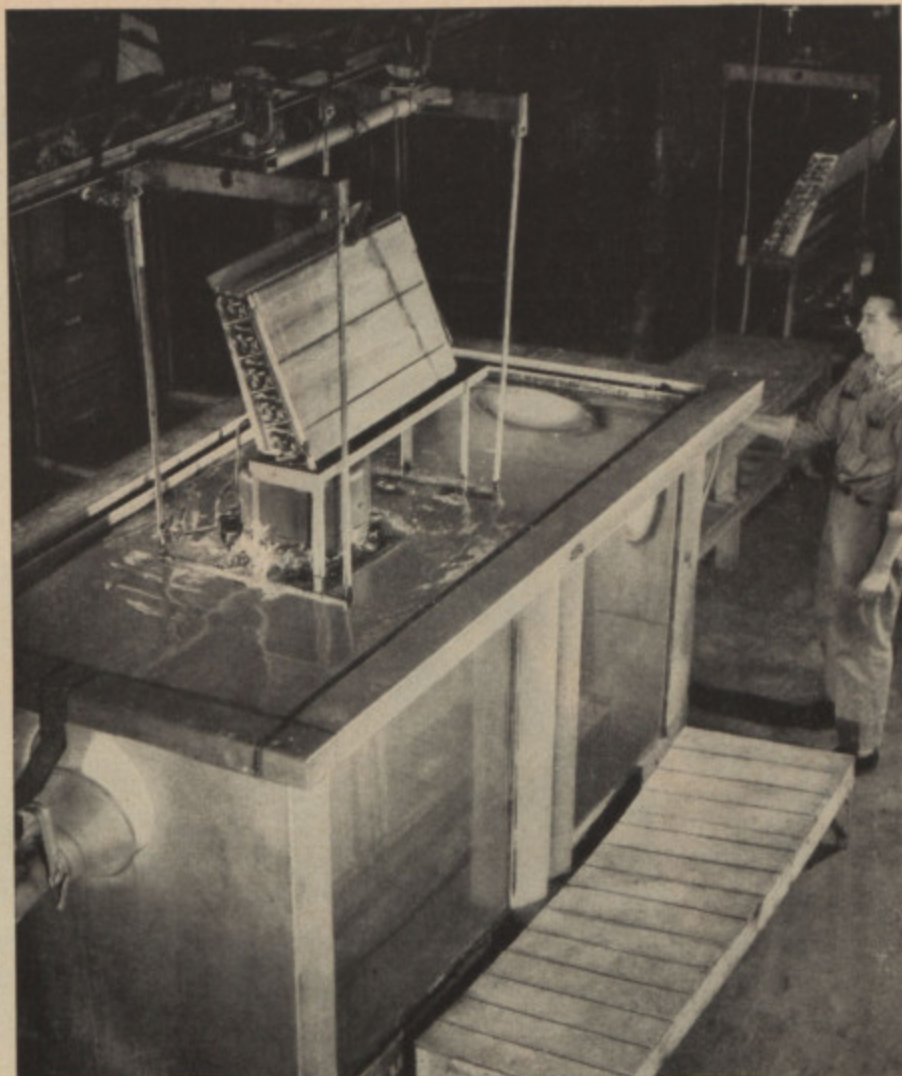
## Brushing up on Italian

WE HAVE been brushing up on our Italian, in preparation for The Big Spring Trip, of which more later. (Try to stop me, in fact.) As far as I am concerned this may not be the right figure of speech, for you can't brush up what you haven't got. But my main trouble has been that the little I know about Italian has been overlapped on one side by the slightly more I know about Spanish and the considerably more I know, or think I know, about French. It is not true that knowing one Romance language helps one with the others; you might as well say that if you have cherries and a pumpkin you can make a mince pie.

I imagine, however, that it doesn't matter too much; any Italian who wants to sell me something will know a block off, by my shoes, that I am affluent; and when I try to talk his lovely language he will decide at once that I am a Bulgarian or a South Sea Islander and proceed accordingly. I expect to have fun.

## The sun also rises

I WAS admiring a sunset from my office window, ten stories above the street, not long ago. I had been working a little later than usual, and this blaze of glory in the west seemed a sort of reward for my diligence. This made me wonder if sunrises are as beautiful and interesting as sunsets. I think I'll hire somebody some day to take a look at one and report.



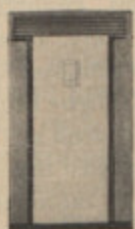
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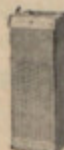
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G-E 5-Year Protection Plan...cool, fresh drinking water always... beautiful modern design.



**GENERAL  ELECTRIC**





## "SPILLS WON'T HURT NOW, SPORT!"

"MOM'S pillow sure helps! Comes in handy when I'm learnin' to skate!"

This young fellow has something to fall back on in case of an upset. He knows all accidents can't be avoided.

In business, the "cushion" against accidents is workmen's compensation insurance—placed with a reliable organization that assures quick, sympathetic service.

Hardware Mutuals rank among the leaders in promptness of paying workmen's compensation

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# OF NATION'S BUSINESS Trends



## THE STATE OF THE NATION BY FELIX MORLEY

**I**F AN ATOM or hydrogen bomb should be dropped on an American city, the devastated community would not be expected to confront the emergency unaided. Every part of the union would pour out its resources to aid the afflicted member. Nobody in Oklahoma, for instance, would grumble if the state legislature levied a special tax to help pay for reconstruction in New York.

This can be asserted with confidence not merely from a general knowledge of one's own people, but also because the entire civil defense organization is based on the federal idea. That is, it assumes that while the locality has the first responsibility for meeting an unexpected disaster it can also rely implicitly on the unity of the whole. This is the basic theory of the Federal Civil Defense Act, under which the great majority of the states have now made mutual aid agreements with each other. These agreements provide for a standardization of procedures and equipment, giving substance to the familiar motto on the Great Seal of the United States: *E Pluribus Unum*—"one out of many."



This decentralized method of meeting a national problem is traditional with Americans, and is so natural to most of us that comment ought to be superfluous. Yet it should be realized that European officials stationed in Washington find our civil defense setup extraordinary. They cannot understand why it is not all directed by a big central agency empowered to tell the mayors of every

city just how they should prepare for the possible emergency.

Many of these Europeans think that there is absolutely no military threat to the United States from Russia. They regard the air-raid drills, special road signs and all the rest of it as silly. But if we anticipate an attack, they say, why not plan the defense with customary American efficiency? Why all this cumbersome business of interstate agreements to achieve what might be accomplished by a single "directive" from the nation's capital?

I have myself recently heard these very questions asked several times by foreigners in Washington. And they are natural questions. Anybody brought up under a unitary government, where the localities have little or no power to direct their affairs, can be excused for not understanding the American system of home rule. What is disconcerting is not that Europeans ask these questions, but that Americans in answering them seem increasingly to assert that our federal system is out of date. "It was designed for the eighteenth century," they say apologetically, "and should be revised for the Atomic Age."

This growing tendency to sell the federal republic short is for two fundamental reasons downright stupid. In the first place, there is absolutely no reason to expect more efficiency from a central authority than from the cooperative approach to local problems. Whether the issue be the curriculum of a school or the disposal of sewage, whether it be a rarefied intellectual or a pressingly physical



tiresome, as in the case of civil defense, to link the desirable local planning into a consistent national pattern. But when that linkage is made, the resultant chain binds the parts firmly together, providing a flexibility in unity which no over-all stamp can hope to rival.

In the second place, nothing could be more misleading than the belief that there is something modern and streamlined in centralized dictatorship, something archaic and "horse and buggy" in the theory of federal union. All of the dead and forgotten civilizations, from those of Tyre and Nineveh to those of the Incas and the Aztecs, had bureaucratic governments. In all of them the localities were thoroughly deprived of power and existed merely to obey tyrannical "directives." It passes belief to find so many people thinking today that there is something "liberal" or "progressive" in going back to that primitive system of centralized rule, of which Soviet Russia is the most distinguished modern example.

By the same token, there is nothing old-fashioned in the eighteenth century American revolt in behalf of home rule. Indeed to read the Declaration of Independence today is to be impressed by the timeliness of its indictment of poor old George III, who after all only attempted to govern America the way the Roman emperors had governed Britain 15 centuries earlier. "He," wrote the signers of the Declaration, "has erected a multitude of New Offices, and sent hither swarms of officers to harass our people, and eat out their substance." That same complaint was the very kernel of the case against the New Deal.

A few lines further on, in the Declaration of Independence, occurs another complaint which is of at least equal applicability today. To quote:

"He has combined with others to subject us to a jurisdiction foreign to our constitution, and unacknowledged by our laws; giving his Assent to their Acts of pretended Legislation."

In all the Senate speeches on the Bricker-George amendment there was none better summarizing its basic purpose than those few words from 1776. The whole struggle to insure that treaty law shall not override the Constitution was thus anticipated by Thomas Jefferson. And like every other issue that confronts the republic today a formula for meeting it was then devised for those whom the Founding Fathers called "posterity." Today we are that "posterity."

The formula is so simple and effective as to make our neglect of it seem scandalous. It was merely to keep in the localities the governmental power

needed to run those localities as their people deem best. To the national government, on the other hand, were entrusted such powers as would be necessary to make the nation strong. And this nation became strong—stronger than any other in history—by faithful adherence to that constitutional formula.

"One out of many" is the national motto. It does not mean that the one replaces or usurps the many. It does not mean that the United States has become a single united state in which every American should take orders from Washington, as they were forced to do from London 200 years ago. To appreciate that this republic is still federal, not unitary, one should study the mottoes not only of the central government but of all the states as well. Translating from the Latin, or Greek, those of the first six states in alphabetical order prove the point. These mottoes are:

*Alabama:* We dare to defend our rights; *Arizona:* God creates wealth; *Arkansas:* Let the people rule; *California:* I have found it; *Colorado:* Nothing without Providence; *Connecticut:* He who transplanted still sustains.

In the slogans of these six states, as of all the 42 others, there is great variety, but nowhere any trace of slavish dependence, for safety, security or satisfaction, on any centralized political authority. There is, in these telling expressions of state's rights, a clear and vibrant religious faith. There is a strong belief in the ability of the individual to work out his own destiny. There is a conviction that men should be citizens, not subjects. But there is no suggestion that Americans are or should be merely the childish, dependent nephews and nieces of a benevolent Uncle Sam.

"Eureka" is the motto on the seal of California—"I have found it." There are those in California today, as in every other state, who would erase this proud Greek word. They would say, in substitution, that the Bureau of Mines should find the gold; that the Bureau of Reclamation should extract it; that the Bureau of Currency should turn it into depreciated dollars; that the Bureau of Social Security should then distribute it under some Townsend plan. That is the socialist way of life and many Americans today, in all but name, are socialists.

But it is not the American way of handling civil defense, which of course, implies a much greater task than orderly preparation to meet a possible enemy attack. Civil defense, properly understood, means citizenship protection of our institutions against all hazards—from natural ignorance to unnatural depravity.

In every case home rule will meet those problems best. It will put butter on the table, instead of storing it by thousands of tons in government warehouses the way the Roman emperors stored grain—when Rome was in its decadence.





## In the Prime!

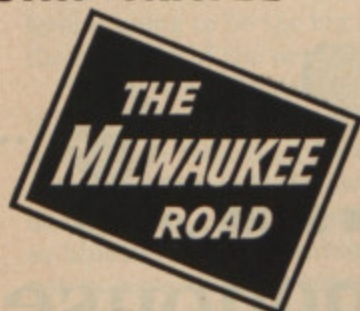
These steers being loaded at a western feed lot are in perfect condition—and they'll stay that way all the way to market.

The Milwaukee Road carries thousands of carloads of livestock for the tables of America. They don't exactly "ride the plush," but we see to it that the cars they ride in are good cars and that the animals reach their destination without injury or loss of weight.

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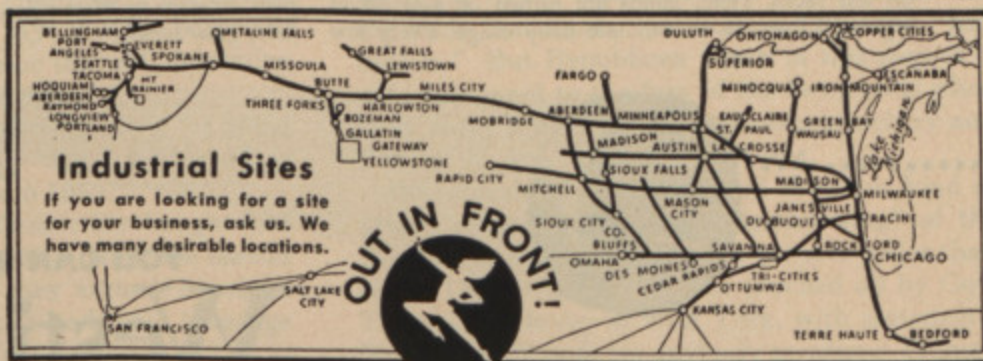
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Route of the Super Dome Hiawathas

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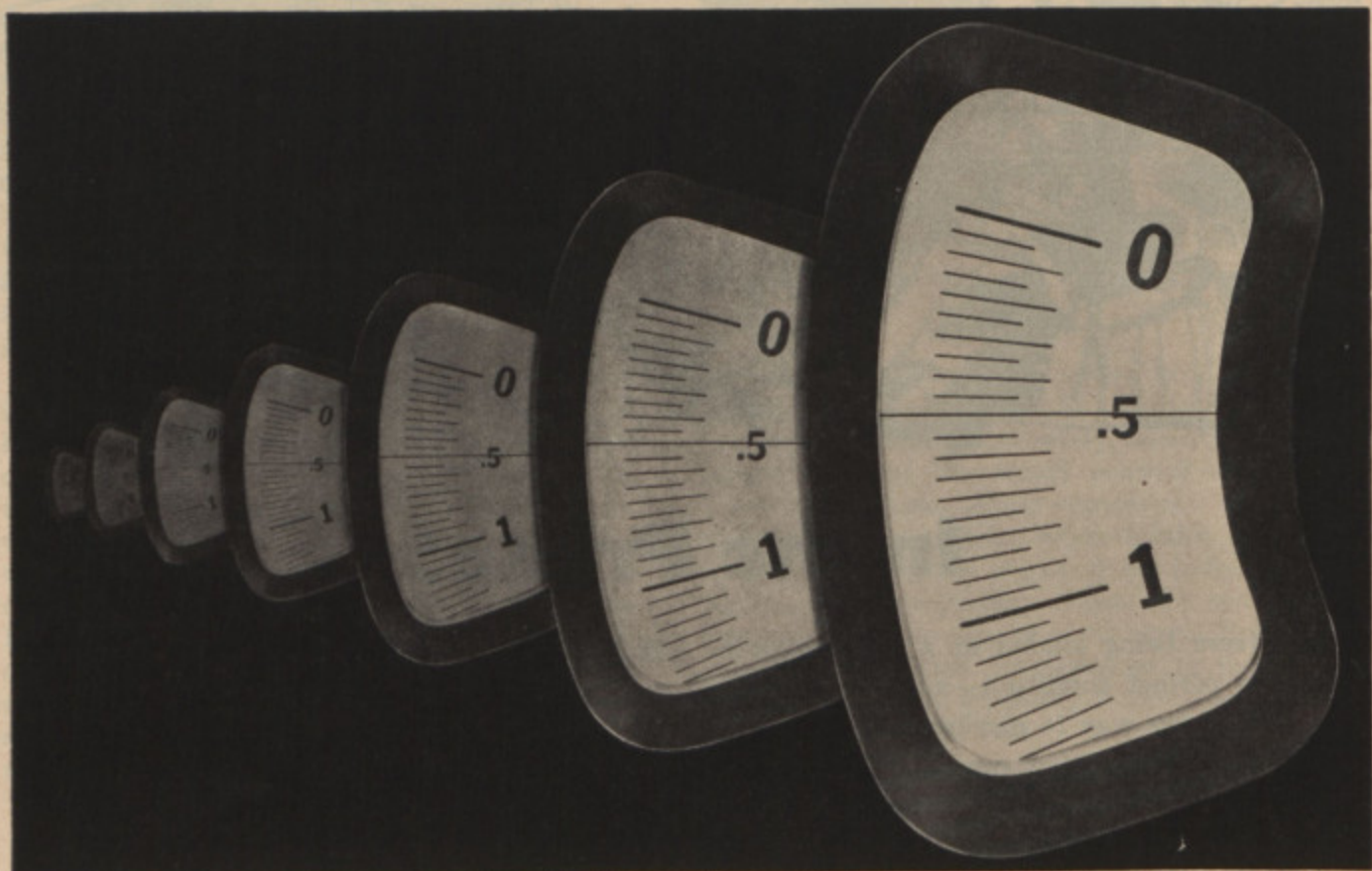


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## WASHINGTON MOOD

BY EDWARD T. FOLLIARD

**S**PRING finds the politicians here thinking about autumn. For most of us this is a season when it is awfully hard to be angry, when the glory of the cherry blossoms and the forsythia casts a benign spell over the whole city. But the politicians have little time for the bright scene. They are worrying about November, and sharpening their lances for what promises to be a rousing battle for control of Congress.

Some people — and President Eisenhower is surely one of them — are a little appalled at the violence of the 1954 campaign as it has unfolded thus far. They are the moderates. They would like to see the campaign waged on a higher level, with arguments directed to reason instead of emotion.

Unquestionably this is a laudable aim, but an editorial writer on the *Binghamton Press* is probably closer to the realities of American political warfare.

"Politics is politics, just like pigs is pigs," he wrote. "Politicians are given to hollering and let them holler. . . . We aren't saying 'Down, boy' to the Red chasers or to the depression-fearing Democrats. Let's have fun."

Here in the next-to-the-last sentence we have the pattern of the '54 campaign, at least as it has been traced so far. Each of the two big parties has been hammering at an issue that seems to infuriate the other. Stephen A. Mitchell, chairman of the Democratic National Committee, says that the economic level is going to be the big issue that will determine the make-up of the next Congress.

"The voter," Chairman Mitchell says, "is going to ask himself this question: Am I better off or worse off in 1954 than I was in 1952?"

Some of Mitchell's fellow Democrats thought that he had made a tactical error in putting the matter so bluntly. For one thing, they argued, he ought not to have told the voters in such bald language that they vote their pocketbooks when they go to the polls. Also, they contended, Mitchell should have used some kind of an escape clause.

Suppose that this year turns out to be a pretty good one after all. Where would that leave Mitchell and his talk about a downturn? Well, as he himself is quick to concede, he would be out on a pretty fragile limb.

As a matter of fact, some Democratic economists are anything but bearish about the outlook. Take, for example, Dr. Leon H. Keyserling, who was chairman of the Council of Economic Advisers in the Truman Administration. He is critical of some of President Eisenhower's economic policies, but he seems to share the Chief Executive's sober optimism about the months ahead.

"I would not be surprised," Dr. Keyserling said, "if the level of production and jobs for the year as a whole is close to 1953."

• • •

Understandably, the Democratic professionals would like to be able to revive an issue that served them so well for the better part of 20 years—the identification of prosperity with their own party. Nothing shocked them more than the failure of this issue in 1952. They talked about Democratic prosperity from every stump; their campaign song was, "Don't Let 'Em Take It Away." However, when the votes were counted it seemed apparent that the American people had come to one of two conclusions: The Democratic Party was not entitled to take credit for good times, or, if it was, there was no reason to believe that the Republican Party would bring bad times.

Let Democratic politicians try to capitalize now on the number of jobless or production or cost-of-living figures, and the Republicans become greatly upset. Even so calm a man as Sherman Adams, the Assistant to the President, gets intemperate, calling such Democrats "political sadists" and "fear dealers." But Republican wrath in this respect is mild compared to the fury of the Democrats when their party is linked to communism, treachery and the loss of American lives in Korea.

Occasionally you hear it said that this kind of attack comes from "the McCarthy wing" of the Republican Party. This is not so; it is wider than that. The latest barrage was touched off by Gov. Thomas E. Dewey of New York, with statements like these: "Whenever anybody mentions Truman and Democrat to you, for the rest of your lives remember that these words are synonymous with



Americans dying thousands of miles from home . . . remember that the words Truman and Democrat mean bungling our country into

war . . . that the words Truman and Democrat mean the loss of 450,000,000 Chinese to the free world . . . diplomatic failure, military failure, death and tragedy."

Senator Joe McCarthy topped this off with his series of speeches on "Twenty Years of Treason," in which he said, among other things, that "the hard fact is that those who wear the label—Democrat—wear with it the strain of a historic betrayal."

The Democrats are not sissies in the political arena, but they finally risked the hazard of being called cry babies by appealing to President Eisenhower to curb the treason talks. Ike did try to put on the brakes. He said the times were too serious for extreme partisanship, and he called on his political lieutenants to refrain from intemperate attacks on the Democrats.

If you talk to Republican technicians, paid party workers whose job it is to win elections, they will tell you that they hope to wage two kinds of campaign this year. They would like to make use of the popularity of both President Eisenhower and Senator McCarthy. Thus the G.O.P. would be able to capitalize on whatever seems worth boasting about in the Administration's record, legislative or otherwise, and also on the Red issue.

This prospect is not as unclouded as the Republican professionals would like it to be. They have a horror of a showdown between Ike and Joe, a break that would force candidates for the Senate and House to make a choice between the two men. If such a choice had to come, they say, the average candidate almost certainly would have to side with the Chief Executive.

Their worry in this respect is not so much about General Eisenhower as it is about Joe McCarthy. They know that the soldier-statesman in the White House hates to fuss, and they feel that he has leaned over backward in trying to avert a party split. They confess at the same time that they are never quite sure what Joe will do, except that he won't run away from a fight.

A difference of opinion exists on the question of whether McCarthy is a vote-getting asset to his party. Leonard Hall, chairman of the Republican National Committee, has not approved all that Joe has done in recent weeks, but he does say that he is an asset. Some Republicans—and they include men who are close associates of the President—fear that the Wisconsin Red hunter will cost the G.O.P. votes in the end, especially among liberal-minded independents and people who left the Democratic Party in '52 to support the Eisenhower-Nixon ticket. These particular Republicans would like to

see Ike break with Joe. The professional workers in the Republican Party get very angry when they hear talk of a break. They are willing to concede that people who urge such action on the President are sincere, but they don't think they are good Republicans interested in the welfare of the party. They call them "intellectuals" and "bleeding hearts."

The position of the Democrats with respect to McCarthy is somewhat confusing, and leaves an onlooker in doubt as to whether they think he is helpful or harmful to the Republican Party. For a time last month they were pleased that Joe's hunt for Reds, and his cry of "coddling communists," were aimed at the Republican Administration.

This gave them a chance to suggest, with tongue in cheek, that Joe's theme this fall may be a bipartisan one—"Twenty-one Years of Treason."

At the same time, Democratic orators continue to chide President Eisenhower for not disavowing McCarthy.

A lot can happen between now and November, of course, but at the moment it appears that the Democrats are more confident of victory than are the Republicans. Their confidence is based, not so much on the economic situation, as on the election figures of 1952. These showed that General Eisenhower was far stronger than his party—38,000,000 votes for him as against 28,000,000 for Republican candidates for the House.

The Democrats are figuring that at least 25 or 30 Republican candidates for the House were coat-tail riders, and owed their success to Ike's enormous popularity. They think that a number of these, bereft of the magic of Ike's name on the ticket, can be knocked off this time.

It would require no more than a political ripple to give the Democrats control of both Senate and House. Actually they already have a majority of the Senate—48 seats to 47 for the Republicans. Senator Wayne Morse, Oregon Independent, votes with the Republicans in organizing the Senate, making it a tie, and the vote of Vice President Nixon is available to give the G.O.P. a one-vote edge. The line-up in the House is almost as close—Republicans, 219; Democrats 215; Independent, 1.

The Democrats are not too eager to take over on the Hill. They realize that if the legislative record of the Eighty-fourth Congress should turn out to be unimpressive, they would have to take the blame in the presidential year of 1956. They also realize that General Eisenhower could lose Congress midway in his first term—as Mr. Truman did in 1946—and still be a favorite to win in '56.

Meantime, the Chief Executive holds to what he said back in December, and that is that unless the Republican Party enacts a worthwhile program for the American people, it "does not deserve to remain in power."





## Suppose the government forbade food chains to abandon unprofitable stores

During the past decade, the rise of the super-market and the shopping center has made advisable the abandonment of many no-longer profitable small store locations—moves which could freely be taken by chain store management in the best interests of stockholders, employees and customers.

There are few people who fail to see this as a sound and justifiable business practice—or who would expect the Government to intervene to forbid it. In fact, if it did so intervene, the large food chains, for example, could no longer afford to sell such high quality food products at such low prices.

While other businesses are free

to make such moves as this, the railroads—under similar circumstances—generally are not free to do so. In many instances, before a railroad can discontinue a passenger train that no longer pays for itself, it must obtain permission from the regulatory body of the state or states in which the operation is conducted.

Such state regulatory bodies are understandably sensitive to local pressures. As a result, justified applications for discontinuance of service are frequently denied or subjected to inordinate delay.

The railroads believe that such unprofitable and unnecessary local

operations place an unjust burden on interstate commerce, with shippers having to absorb a large part of the losses in the freight rates they pay.

The railroads operating in the crowded eastern section of the United States are especially hard hit by such operations. It is not in the public interest for the food chains—or the railroads—to maintain unprofitable operations. The railroads do not ask for complete relief from regulation—they ask only that regulation be brought into line with present-day conditions... Eastern Railroad Presidents Conference, 143 Liberty Street, New York 6, N. Y.



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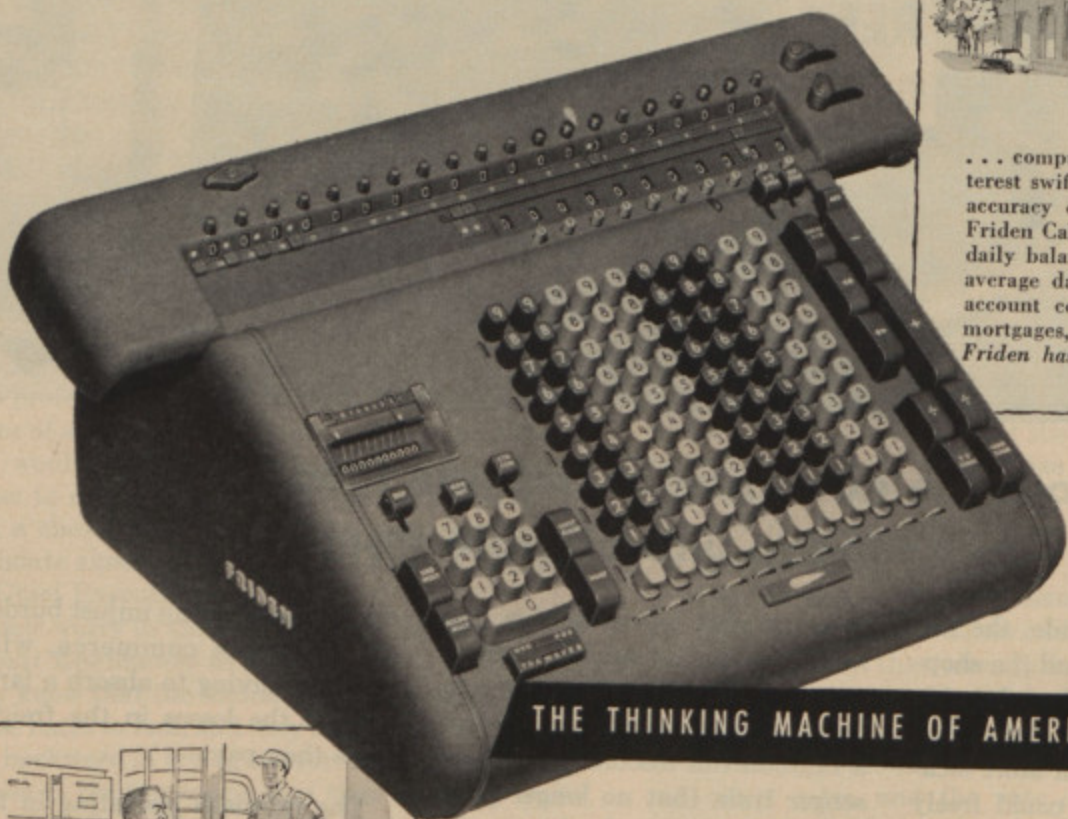
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# LABOR'S POLITICAL PLANS FOR '54

The unions hope to win the support of the women and the dollars of their members to insure success for their friends this fall. They call the November election the "most important event in our lives this year" **By SAM STAVISKY**

SHORTLY after the 1952 Presidential election, labor's political captains undertook a detailed study of the votes—ward by ward in some areas—and concluded that union members overwhelmingly followed the advice of their leaders and cast their ballots for the Democratic standard-bearer, Gov. Adlai E. Stevenson, of Illinois. According to various union studies two thirds to three fourths of the unionists who went to the polls voted for labor's candidate.

However, the studies also disclosed that, although the breadwinner held to the union's political line, the little lady who stayed at home to get the kids off to school and tackle the mass of detail collectively described as keeping house not only liked Ike but voted for him.

The CIO Political Action Committee's analysis credits the womenfolk—particularly the housewives—with a large measure of the 6,600,000 margin Gen. Dwight D. Eisenhower piled up in carrying the G.O.P. banner into the White House. Some 11,000,000 more Americans went to the polls in 1952 than in 1948, and 9,000,000 of these "new" votes went to Ike—mainly because of the missus, labor's political statisticians conclude.

Since this study of 1952, labor has been making a special point of wooing the ladies, who have 1,500,000 more votes than the men—in hopes of winning them for union-endorsed candidates in the congressional and state elections of 1954.

To this end, Labor's League for Political Education—the political arm of the American Federation of

Labor—has set up a women's division with a full time director to concentrate on the wives of the 10,000,000 AFL members who are seemingly isolated from the political facts of life as interpreted by the "House of Labor."

The Political Action Committee—political auxiliary of the Congress of Industrial Organizations—similarly has its eyes on the distaff side. PAC has been busy creating special women's divisions, not only on the national level, but on a state and community basis as well, and calling regional conferences, for the purpose of "integrating" the family vote.

"We have to convince the wives that their interests lie in the same places as the interests of their husbands," declares Emil Mazey, secretary-treasurer of the CIO United Auto Workers. The working wives, Mr. Mazey says, generally backed labor's candidates in 1952 but, he added: "Too many wives sat at home, read, watched TV, listened to the radio and were misled on this election."

The special attention given the weaker sex is epitomized in an attractive leaflet issued by the CIO-PAC. The cover displays a photogenic mama bottle-feeding her photogenic infant, underscored by the caption: "Politics is your baby, too!" The sales appeal is brief and sprightly. The womenfolk are urged "to get out of the kitchen and into an exciting new world" of politics by getting active in the PAC.

"It may sound like a lot of work," the leaflet admits, but adds: "Just like raising a baby, it is also one of



the most important jobs a woman can do."

Labor's emphasis on the fair sex in getting out the vote in '54 indicates that the trade-unionists-turned-politicians have made considerable progress in the treacherous waters of politics since the CIO first jumped into the political swim in the mid-thirties, and the AFL followed in 1948.

It was only a decade ago that a New Jersey labor leader ran for governor because "everybody liked him," and "everybody" meant just about every AFL official in the state.

The labor boys who enthusiastically kicked off the campaign, while chewing the fat one night, conservatively estimated that their pal would coast in with several hundred thousand votes if just their combined union memberships cast a ballot for a fellow unionist. Came election day. The union members stayed away from the polls by the thousands. It turned out that the labor boys who had whooped up the whole idea had not even thought about the practical necessity of getting the union men to register, a prerequisite to voting. One third of the candidate's own local

hadn't bothered to register and, of those who did, only half took the trouble to vote. The labor leader whom "everybody" liked was soundly beaten.

Registration of members so that they can vote—in the primaries as well as in the elections—is today one of the principal activities of all the political ancillaries of organized labor. Some of the individual unions conduct special drives to register their members. One union exempts its members from a month's dues if they register; another gives prizes; another makes registration a condition of union membership; another helps members with making out their income taxes so long as they register to vote.

Some unions negotiate a four-hour paid leave of absence from the job to encourage registration.

"An unregistered member anywhere is a political scab," thunders Jack Kroll, director of CIO's Political Action Committee. "He is as much of a danger to our organization as the man who crosses a picket line."

Labor's political chieftains are generally satisfied that their drives are paying off, and that a high proportion of their members are registered today. However, there are plenty of weak spots registration-wise.

For instance, one political lieutenant recently reported to Washington headquarters that only 17 per cent of the eligible labor voters in Hennepin County, Minn., bothered to register and vote in 1952.

"We plan to focus attention on these weak spots," a top labor leader pledges.

Registration of members, union leaders have ascertained—the hard way—is only half the political battle. There's the little matter of persuading the rank-and-filers—and their families—to vote for the labor-endorsed candidates and programs. In their fledgling days of active politicking, the union's electioneering squadrons eagerly rushed all registered voters to the polls—to discover later, to their dismay, that, in one instance the labor candidate's total vote was less than the number of voters union-manned election-service autos had carried to the polls. Union political zeal today is tempered with wariness.

"We are effecting steps for '54 to make sure that we carry to the polls only the people who will vote for our side," a CIO political lieutenant explained. He noted that the CIO-PAC in New Jersey has done a particularly outstanding job in getting its

*In 1952, members followed the union's political line. Their wives didn't*





membership to register, and to vote right.

Labor no longer clings to the naive theory that a powerful, popular union leader can march his rank-and-filers to the polls and vote them as one man for his hand-picked candidates. John L. Lewis, who always does things with a bang, exploded this theory in 1940 when he took a walk from the New Deal, and called upon the CIO—which he had founded and then led—to switch with him from Franklin Delano Roosevelt to Wendell Willkie. The CIO unionists deserted Lewis in droves.

Six years later the theory was given another though less dramatic test on John L.'s own home grounds, in West Virginia, where the vote of the coal diggers is vital to the success of any candidate. In 1946, Lewis got into some kind of a scrap with Sen. Harley Kilgore. United Mine Workers officials' distributed literature featured by adjoining photographs of Lewis and Kilgore, and the question: "Who Are You For?"

It turned out that, when it came to politics, the miners were for Kilgore.

Labor leaders simply cannot persuade their union members to back a cat in the bag, nor can they get their rank-and-filers to reject a candidate the members like and admire. The labor leaders say they understand this political precept, even though at times they seem to act contrariwise.

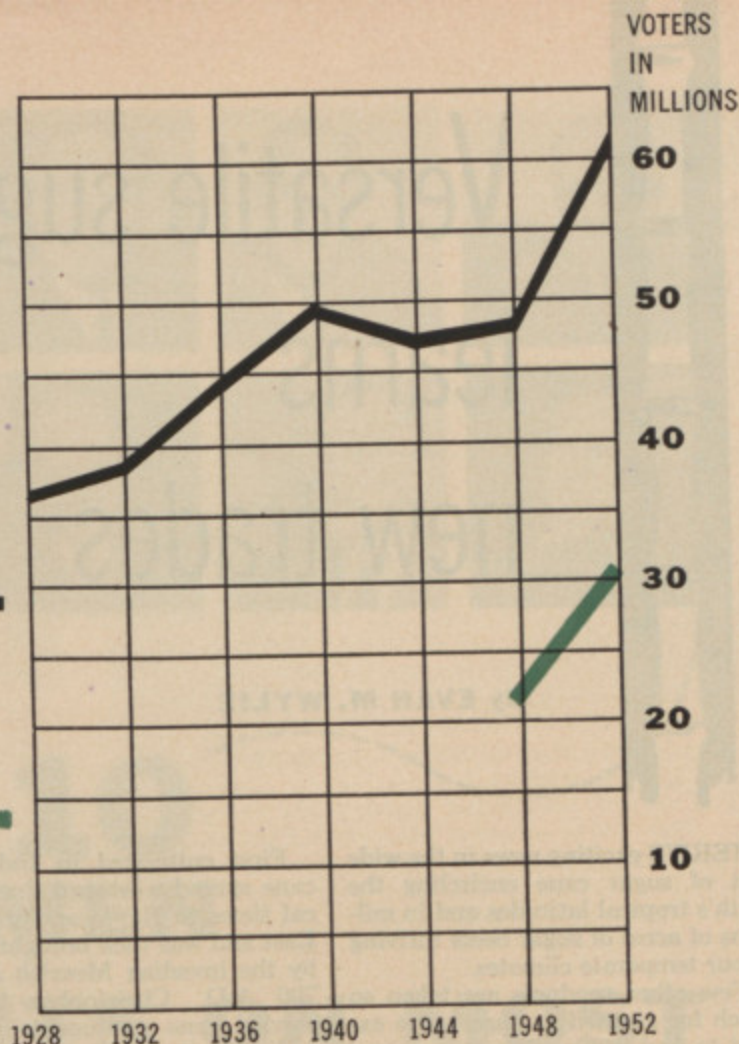
For example, in 1950 labor solidly backed Joseph Ferguson, a personable Ohio politician, against the late Sen. Robert A. Taft, who as coauthor of the Taft-Hartley management-labor relations act—labeled "the slave labor act" by the union—was the No. 1 target of labor's leaders. Ferguson was swamped by Taft, even in the pro-union industrial areas of the state. Afterwards, labor's political captains confessed they had made the mistake in trying to beat "somebody" with "nobody." Their excuse was that Ferguson had won the Democratic primary—the unions could not agree on a single candidate—and that they had no alternative, after his primary victory, but to back Ferguson.

Whether they are aiming for the primaries, or for the elections, labor's political captains fully understand that it requires more than recommendations to get their people to vote for their candidates. It takes what the unions call "political education."

A broad term, covering lunchtime lectures by shop stewards, rallies,

TOTAL  
NUMBER  
OF  
VOTES

WOMAN  
VOTERS



*In 1952 8,550,000 more women voted than in 1948. This guides labor's campaign strategy*

pamphleteering, explaining the issues, firing leaflet broadsides, buying radio and TV time, doorbell ringing, "political education" is no longer a side issue—or side show—for the union leaders. It is a must.

"Political education," says James L. McDevitt, director of the AFL Labor's League for Political Education, "is a responsibility of our trade union officers just as much as contract negotiation with our employers."

In the past, labor's political forces, for the most part, have taken it easy during the off year, conserving their energy and funds for the election years. However, both AFL and CIO launched their "political education" programs for the 1954 congressional campaign immediately after the G.O.P. victory of 1952, because labor—remembering how it was forced to take Ferguson for a candidate against Senator Taft—wants to have a hand in picking the right candidates from among the primary hopefuls. In key states, labor will show much activity in the up-coming primaries—the first of which will be run off in Illinois this month. Labor also has an interest in the one-party states of the South, in which the

Democratic primaries are tantamount to election.

There's another reason for labor's early start in the 1954 elections. "Political education" costs money. For example, it costs the AFL more than \$750,000 a year to sponsor Frank Edwards' news broadcasts over a nationwide network. It's no secret that the AFL leadership considers the slam-bang commentator as one of their most effective year-round "political educators." The CIO has adopted a similar tack, and is putting Commentator John W. Vandercook on its own five-times-a-week coast-to-coast newscast.

The law permits the affiliated unions to put up the money required to maintain "political education" activities not directly connected with a political race.

Direct campaign funds must be collected as voluntary contributions from the membership.

In the past, the drives for individual contributions—\$1 as a rule—were conducted for the most part exclusively in the election year. Both AFL and CIO began their funds drives for this election year early in 1953 so that they could collect more

*(Continued on page 74)*





# Versatile sugar learns new trades

By EVAN M. WYLIE

THERE'S exciting news in the wide belt of sugar cane encircling the earth's tropical latitudes and in millions of acres of sugar beets thriving in our temperate climates.

Few other products are taken so much for granted as sugar. We expect to find it served free in restaurants and consume it by the teaspoonful in our tea and coffee, by the cupful in our pies and cakes and by the carload in commercially baked goods, beverages, canned goods, candies and ice cream. Last year Americans found ways of using more than 8,000,000 tons of it.

But sugar is also used in scores of unsuspected instances. It may turn up in paint for battleships, dynamite or waterproofing for high silk hats. Large numbers of dyes, drugs and anesthetics contain sugar. So do hair tonics, cosmetics, tooth pastes and rubber tires. As industrial scientists continue to break down sugar's molecules and combine it with new materials, sugar is yielding more new products. Before long we may be polishing our cars and floors with sugar cane wax, scanning headlines on sugar cane newspapers, puffing on sugar cane cigars and smacking our lips over stews and gravies flavored with a sugar beet by-product that tastes exactly like meat. Most important, from sugar cane may come a new food product which will dramatically benefit the whole world.

Although sugar is believed to be one of the world's most ancient crops, its global cultivation and consumption dates back less than 500 years. In that brief time it has enriched the lives of millions and has also been the cause of bloody strife, empire building and revolution.

First cultivated in India, sugar cane spread westward during biblical times to Egypt and the Middle East and was then brought to Spain by the invading Moorish armies in 700 A.D. Christopher Columbus carried cane cuttings to the West Indies in the fifteenth century and they grew at a prodigious rate. By 1510 the first sugar cane plantations were established in Cuba and Puerto Rico, laying the groundwork for the present-day West Indies sugar and rum industries.

The introduction of tea, coffee and chocolate brought an overwhelming demand for sugar. The British Navy clashed with ships of France, Holland and Spain in a long, bloody struggle for control of the sugar-rich Caribbean. Slavery was introduced to the New World when thousands of Africans were brought to toil in the cane fields of the West Indies.

Today the West Indies, with Cuba in the lead, remain the principal source of the western world's sugar.

The long, tapering silvery white sugar beet, which contains up to 50 teaspoonfuls of sugar, was known to the ancient Greeks and other Mediterranean peoples as a medicine and animal food. It was not until 1811 that the plant became economically important when Napoleon Bonaparte, cut off from colonial sugar supplies by British blockade, ordered establishment of a beet sugar industry in France. Today sugar beets are grown in virtually all temperate zones and have become an important crop in 22 of our farm states. They supply us with about 22 per cent of our sugar.

White sugar, brown sugar, molasses and sugar syrups made possible a

host of new food and drug products, but in the industry itself, as in many industries, when the product aimed at had been produced, residue waste products were discarded.

For a long time the only sugar cane by-product was rum, distilled from fermented molasses. As "grog," rum became the prebattle potion of admirals and cabin boys of British and American navies. Today rum drinks are global favorites.

As industrial chemistry came of age in the nineteenth century, factories looking for a cheap source of alcohol turned to molasses. Since then, millions of gallons have been converted into ethyl alcohol, industry's most versatile solvent. When World War II cut America off from its supply of natural rubber in Malaya, molasses alcohol helped make it possible for us to build a synthetic rubber industry almost overnight.

One of the newest sugar beet by-products to emerge from the laboratory is monosodium glutamate. Manufactured from residues formerly thought only fit for cattle fodder, it possesses a rich, meaty flavor which has an astonishing way of enhancing the flavor of soups, gravies, stews and sauces. One beet sugar company is building a \$3,000,000 factory in Colorado and the industry expects "MSG" to become a staple in American homes.

Aside from molasses, two principal waste products in cane sugar refining are the mangled cane fibers from which the juice has been pressed, known as bagasse, and a brown mud, cachaza. For centuries bagasse was considered worthless. Mountains of it accumulated outside every sugar mill. Then chemists began to examine the substance. Studying the short, tough bagasse fibers, they found them similar in many respects to wood pulp fibers. Bagasse was first used industrially in making pressed insulating board and wall-board materials. Today, moisture-proofed and termite-proofed, millions of square feet of these boards are used in the construction industry annually. The walls of your new house or the panels and partitions in stores, offices, restaurants and theaters are likely to be composed largely of bagasse.

An even more tempting field is now being explored in the use of bagasse for manufacturing paper and newsprint. The world's first bagasse newsprint plant is now under construction in Louisiana. Louisiana newspapers already have run samples through their presses. If the operation is successful, other companies will be licensed to make bagasse

(Continued on page 78)





# 10 MEN

## IKE COUNTS ON MOST

By TRIS COFFIN

WHEN the chips are down, Dwight Eisenhower counts on ten men to guide him along the rocky road any President must travel. These ten have emerged from the Administration's "shake-down" period as the most trusted advisers. In the lonely hours of decision, they breakfast with the President, slip in the side door for an unlisted visit, or spend week ends at his side.

They are a varied lot, among them a New England lumberjack, a Mississippi author, an Irish lawyer, a Boston banker, a college president, and a battle-toughened politician. Only two are old friends. At least four were complete strangers before the 1952 campaign. All have common traits demanded by President Eisenhower—tireless loyalty, crisp intelligence, personal honesty, a talent for getting facts or giving decisions without hemming and hawing, and a knack for conciliation.

The President insists on good staff work. He dislikes open feuding within his Administration. He wants his information stripped to the bone, and when he asks for a recommendation he does not want a long-winded, "This is one view, but on the other hand. . . ." All of the ten pass these tests.

Mr. Eisenhower's friends and staff agree the number one adviser is small, dynamic Sherman Adams, who wears the loose-fitting title of "Assistant to the President." He is a former governor of New Hampshire, an ex-lumberjack with all the fabled qualities of a New England Yankee. He

is terse, cool-headed in a crisis, inclined to be aloof with strangers but a warm and witty friend to those he knows, and possessed of a well scrubbed honesty. On top of this, "Sherm" Adams has a vigor that Paul Bunyan would admire.

Actually, no job in American history corresponds to the one this crew-cut Yankee holds. One White House staff member put it simply:

"Next to the President, Sherm is the boss. No one else in the government outranks him."

The only comparison is in British history. In the days of the absolute monarchy, the king had a lord chancellor who ran the kingdom, subject to whatever clues he could pick up from diligent attendance on the king. He was known as "Keeper of the King's Conscience."

This phrase would fit Sherman Adams. One of his associates yarning in the press room commented, "Sherm is impeccably honest and wonderful to have around. You sleep well at nights knowing he is Assistant to the President. Nobody is going to pull any shady deals as long as the governor is around."

Governor Adams became a close friend of the President by a characteristic act. He was the first Republican governor really to stand up and be counted for Dwight Eisenhower in a scrap. Many others had "sweet-talked" the general and told him how much the nation needed him as President, but Governor Adams was the first to say quietly, "I'll stake my future on it."

In the face of considerable shaking of heads



# 10 MEN

## IKE COUNTS ON MOST

and murmurs of "premature," Governor Adams entered Mr. Eisenhower's name in the New Hampshire Presidential preferential primary in March, 1952. It was a rough fight with the partisans of the late Sen. Robert A. Taft. If Mr. Eisenhower had lost this first contest, he would have been through. Thanks in good part to Governor Adams' thorough organization and drive, Ike won.

Dwight Eisenhower likes a good fighter and a winner. He met Governor Adams that spring and took a shine to his quiet competence. Mr. Adams became the Eisenhower floor manager at the G.O.P. national convention, another rugged, no-quarters-asked assignment. When other advisers became rattled, Mr. Adams was calm. This same quality showed up when the governor was Mr. Eisenhower's chief of staff on the campaign train. This was trial by fire.

The Republican nominee was in a new and strange role. There were moments when he did not enjoy it. He took his irritation out on whoever was closest at hand, usually Sherman Adams. The governor was unperturbed and steadfastly loyal. Some of the campaign strategists quarreled noisily. Mr. Adams was steady and taciturn. At every whistle stop, politicians jumped on the train to tell the candidate how to win votes in Kokomo. Governor Adams sorted them out and detoured the loud mouths and phonies. More and more when General Eisenhower wanted bedrock advice, he told Sherman Adams, "Let's get away somewhere and talk." They secluded themselves and the governor did his best to answer questions.

After the election, Governor Adams sat in on all conferences over appointments and began the thankless job of organizing the Administration of a party out of power for 20 years. In those early days, senators and congressmen came back to Capitol Hill breathing fire and muttering, "The President is a wonderful guy, but that so-and-so Adams won't let you get near him." Inspired stories were given columnists, "Just take it from me, Adams will be out in six months. They're getting some sort of diplomatic post in Afghanistan warmed up for him."

President Eisenhower was not amused.

Sherm Adams' great value to the President is that he understands him. President Eisenhower is a sensitive human being. He hates confusion and disorder. Governor Adams is enough of a realist to know confusion goes along with government and politics like blisters on the G.I.'s first ten mile hike. But what the "Assistant to the President" tries to avoid is having the blisters break and fester.

At the White House, where his office is a secluded space across the lobby from the President's, the governor keeps the President from being drowned by the tide of pressures. His office is crowded much of the time with high government officials and congressmen brought in to settle a problem before it is taken across the hall.

In fact, of a hundred matters visitors throw at the President—letters, government memos, telephone calls—Sherm Adams diverts 80, takes 15 under his own wing, puts five before Mr. Eisenhower ready for decision with his facts neatly laid out.



*Ike's Number One adviser is taciturn Sherman Adams with the title, "Assistant to the President"*

Among the problems Mr. Adams takes on his own shoulders are squabbles within the Administration. He acts as a combination mediator and Dutch uncle. He prefers the art of compromise, but if one of the parties refuses to back down, Governor Adams can say in his dry Yankee way, "We all belong to a team. We signed on voluntarily to serve our country. If you are in basic disagreement with the captain of the team, no one is holding your coat tails."

After Governor Adams, the nine other intimates of the President stand in a line. No one is so brash as to try to rate their comparative standing. Each has his niche.

Only one comes from Capitol Hill: Vice President Richard M. Nixon. President Eisenhower looks on him fondly, as an uncle of a favorite nephew he hopes will someday take over the business. Many White House observers believe the personable Vice President is the chosen heir apparent for 1956. They point to the way the President has called him in for consultation and training in areas far afield from the usual V.P.'s duties, such as foreign policy, military strategy, and government financing.

One explanation is that Mr. Eisenhower admires well-mannered young men with brains who respect rank without groveling, who know how to say their pieces succinctly and clearly, and who are good learners. Dick Nixon fills this bill. He has shown an amazing talent for mental growth in the new fields the President has opened up for him. Washington reporters have seen him develop from a bright, but too ambitious kid, to a mature man of judgment.

Young Mr. Nixon (he is only 41) was brought to Ike's attention largely through the late Bert Andrews, Washington bureau chief for the New York *Herald-Tribune*. Mr. Andrews pointed Mr. Nixon out to Bill Robinson, then business manager of the *Herald-Tribune*, as a promising statesman. Mr. Robinson, one of Mr. Eisenhower's closest personal friends, took Mr. Nixon to the general. He was the reluctant general's personal choice for running mate.

According to one story, when Eisenhower chieftains assembled in Chicago for word on the V.P. and Governor Dewey broke the news, one veteran politician thundered, "Who in hell is he? What did he do to deserve this?" Governor Dewey shrugged his shoulders



and said with an air of finality, "It is the general's choice."

The greatest strain on Eisenhower-Nixon relations was the accusation that the younger man had received and used funds with the taint of "influence" involved. General Eisenhower, who has a high personal morality and soldier's horror of corrupt politicians, was shocked and hurt. While Mr. Eisenhower was in this mood, the group close to Governor Dewey urged him to fire Nixon. Two others, Sen. Frank Carlson of Kansas and Arthur Summerfield, then G.O.P. chairman, begged him to wait until after Nixon had his say. After Mr. Nixon's television appearance, General Eisenhower, under obvious emotional strain, expressed faith in his running mate.

There was, nonetheless, a marked coolness for several months. This was a probationary period until the Vice President could work his way back by good deeds. Mr. Nixon learned the lesson well. He labored hard to learn his job, gain the confidence of older senators, and keep his name out of the headlines. He loyally upheld the President regardless of his personal views and extricated the Administration from several jams.

When Senator McCarthy hinted he might get rough on key Administration leaders and programs, Dick Nixon tactfully talked harmony and its rewards. He lined up votes for the Administration's not-too-popular tax program. He calmed down pro-Chiang Kai-shek legislators when Administration sources hinted at recognition of Red China. He helped coordinate communist investigations. When Senator Taft died, Mr. Nixon took over his back-breaking chores. Today many senators and Administration leaders by-pass the conscientious Republican floor leader, Senator William Knowland, also of California, to seek out the Vice President.

The Vice President also made a place for himself, to the President's great satisfaction, in foreign policy. Mr. Eisenhower was deeply concerned by the dilemmas posed in the Far East. The President had no personal knowledge of the situation, and no two advisers agreed on solutions. He wanted a fresh slant by an alert mind and suggested that Mr. Nixon take a look during the congressional recess.

The V.P. handled the assignment with the diplomacy of an old master. He skillfully evaded any inference

Every time a new report of this triumphal tour came to the White House, the President beamed as if to say, "Yes sir, that's my boy."

Today, the President believes Mr. Nixon has struck a fine balance between the politician and the diplomat in his foreign policy thinking. This is revealed by the V.P.'s views on Asia.

As a congressman and senator, Mr. Nixon traveled

UNITED PRESS



*A proper Bostonian, "General" Robert Cutler has become Ike's chief of staff for national security*

with the vocal band which cried for atomic bombing of north Korea and Manchurian war factories, and for a Chinese Nationalist invasion of the mainland.

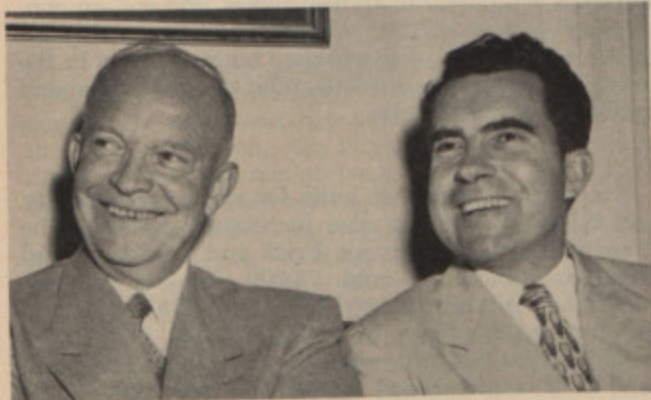
But on his tour of the Far East and his meetings with the National Security Council, the Vice President picked up new facts—Russia has powerful submarine and bomber fleets within striking distance. They could destroy all our military strength in the Korea-Japan area in a few surprise blows. Russia is committed by a treaty to back China if the latter is attacked. Nationalist China would need an American fleet, air armada and guns to launch even a big hit-run raid on the mainland. Also, if we are involved in a war with China and, perhaps Russia, we are likely to go it alone.

Vice President Nixon now believes we should gain new friends and allies among the strategic countries of Southeast Asia and strengthen them internally. Then, if a showdown should come with Red China, we will have allies girding it on three sides. He discourages talk of a Nationalist invasion of the mainland or of encouraging South Korea to continue the war.

At Security Council meetings, Mr. Nixon sees a good deal of another member of the inner circle, "General" Robert Cutler, a World War II reservist. He has a title so vague it is practically an alias, "Chairman of the Council's Planning Board." This is the working staff. Actually, the general is President Eisenhower's chief of staff for national security. Testifying before the House Appropriations Committee last year, Mr. Cutler indicated his field covers "military and military mobilization, foreign military and economic assistance, atomic energy, stockpiling, foreign information, foreign intelligence, and internal security." He sits in on meetings of both the Security Council and the Cabinet.

Robert Cutler is a well-known Bostonian who dabbled in teaching (at Harvard), writing novels, and wound up as president of the solid Old Colony Trust Company. He came to the military service as an assistant to Secretary of War Stimson during World War II and stayed on to help James V. Forrestal, whose influence on American military thinking cannot be overrated. At the Pentagon, Mr. Cutler became an admirer of General Eisenhower and joined his political team, first as a fund raiser, then as a personal adviser.

*(Continued on page 94)*



*Many White House observers believe young Mr. Nixon is the President's choice for his successor*

he was moving in on Secretary of State Dulles. He made warm friends by avoiding the usual cocktail party routine of Washington junketeers. He went among the people of Asia and looked at their problems first hand. He asked intelligent questions of the right people, and listened thoughtfully.



# COOL AIR SPARKS A

THE AIR conditioning industry is behaving like an elevator that only goes up. Sales and production are heading skyward, and the ceiling is still a long way off.

The room and building comfort makers expect to sell a whopping \$2,000,000,000 worth of products in 1954. Their 1953 volume totaled \$1,750,000,000, plus 7,024 units worth \$1,240,883 that were sold in Canada.

Industry leaders predict a \$3,500,000,000 yearly production scale by 1959, a pace they are confident can be maintained for another half decade.

So exuberant are hopes and plans that spokesmen like Cloud Wampler, who heads the Carrier Corporation, today believe the postwar bonanza is even proof against mild recession. Another big-company boss, Matthew M. Lawler, of Worthington, insists that a slight economic slump might actually stimulate sales. Homes, stores and office buildings not air conditioned, he believes, simply wouldn't have a chance in the sharpened competition of a slump. Both Mr. Wampler and Mr. Lawler contend that a moderate sag in the U. S. economy would influence owners and builders to install cooling equipment.

Air conditioning is not new as an engineering accomplishment. Three thousand years before Christ an Assyrian merchant had his bedroom walls and floor sprayed with cold water in hot weather. In 775 A.D. Caliph Mahdi packed snow between double walls of his Baghdad palace. Ice making and refrigeration were developed a century ago. The late Willis Carrier, founder of the Carrier Corporation, built the first true air conditioner to cool and dehumidify a printing plant in 1902, and York Corporation was soon in the field.

Early air conditioning was industrial. In the '20's new technical developments brought theater cooling; big department store cooling came next. In 1930 railroads began to air-condition Pullmans. The depression and World War II brought the embryonic boom to a dead stop.

Today's expectations rest on solid foundations. In the eight years since World War II ended, the air-conditioning industry has multiplied annual production of window and console single room units to 35 times the first postwar year's volume. It produced 1,075,000 units with a retail value of \$430,000,000 last year. Tecumseh Products Company, producers of compressors, the "heart" of all air conditioners, predicts industry will turn out nearly 2,000,000 units in 1954, and counts on selling every one. The 1953 over-all sales of Carrier alone were more than 25 times the industry's complete single room unit production eight years ago.

Installation of central systems to condition entire homes has become almost a boom within a boom. In 1951 there were almost no sales of this type equipment, with rare exceptions in the hot Southwest. At that time only a few more than 5,000 such units were in service. In 1952 this market suddenly opened up and 15,000 were bought. Last year central system installa-

tions for homes reached nearly 60,000, worth about \$100,000,000 at retail, according to estimates of Director George S. Jones of the Air Conditioning and Refrigeration Institute, an industry trade association.

Most manufacturers, and the American Institute of Management, expect last year's residential central unit sales to be doubled for 1954. Chrysler Corporation's air-conditioning experts believe they can be quadrupled again, as they were in 1953. The industry is counting on sales of 700,000 such units a year by 1958, and predicts they will top 1,000,000 by 1963.

Even in the relatively expensive field of automobile air conditioning, the manufacturers are happy. Figures on sales of these units, which retailed at between \$500 and \$600 last year, are scarce and perhaps not too accurate. Best estimates peg the 1953 volume at 35,000 units or better. Sales of 100,000 units in 1954 are freely predicted. Air conditioning is now optionally available on nine makes of cars: Cadillac, Buick, Oldsmobile, Pontiac, Chrysler, Dodge, De Soto, Lincoln and Packard. Two auto manufacturers, General Motors and Chrysler, make their own coolers for cars, but six other manufacturers are now doing business, with more to come.

The market for residential central systems—for years far outstripped by single room unit sales—now represents the fastest growing segment of the industry. Manufacturers expect central system sales to surpass the volume of single room units in about three years.

In ten years, according to the American Institute of Management, year-round air conditioning will be standard equipment in all new homes, and non-air conditioned houses will be virtually obsolete. Already, the great majority of speculative builders, even in the lower medium price brackets, offer cooling equipment optionally in new homes.

The sale of packaged units for stores, restaurants, and suites of offices is also increasing rapidly. The General Electric Company, Frick and Company, and other manufacturers sold 75,000 commercial self-contained units worth \$150,000,000 in 1953, and they expect to up this figure by 25,000 in 1954. Spokesmen happily point out that every time one store or restaurant in a neighborhood installs air conditioning, its competitors must follow suit or suffer.

Central installations in big buildings—multistory offices, hotels, supermarkets, big stores and the like—are keeping right in step with smaller unit sale increases, and amounted to a husky \$700,000,000 last year. A rule applied generally by real estate experts holds that once air-conditioned space in a city reaches 15 per cent of all rentals, owners of the remaining space must air-condition to maintain rent levels and hold tenants.

Carrier, a specialist in big systems and statistics,



# HOT BOOM

reports that air conditioning was installed at the start of construction in the majority of large structures erected or begun since the war—50 or more in New York City alone. Now, older buildings are catching up with the parade, and represent a tremendous market. In New York, for example, Worthington Corporation figures show 343 “reasonably modern structures” planning installations soon.

Worthington now has contracts to provide equipment for the American Express and United States Lines buildings in New York. Owners of the Fidelity Philadelphia Trust Building have signed a contract with Carrier for the largest air-conditioning system ever installed in a single older office building. The Philadelphia Trust system will cost around \$3,000,000 and will have a cooling capacity equal to 5,000,000 pounds of ice melting daily.

York, Worthington and Carrier are the big-job leaders in the industry. The Pentagon unit in Washington, with a cold air output equal to nearly 30,000,000 pounds of ice melting daily, is Carrier Equipment. Worthington cooling serves the remodeled White House living quarters and executive offices. York cools the U. S. Capitol, its office buildings and the Library of Congress from a single multiunit central setup. York claims credit, too, for the biggest air-conditioning job in the world—the gigantic system which regulates air in the Atomic Energy Commission's Hanford, Wash., plant. Here the output is equal to 48,000,000 pounds of ice melting every 24 hours.

A field which even the audacious cooling machine makers can't yet accurately estimate is represented by industry. Medical authorities say that a worker's efficiency may drop more than 50 per cent in extreme heat. A good many factories and plants have already installed air conditioning to create efficient working conditions, cut down hot weather absenteeism, and increase production. To meet the worker-attraction lure of such plants, non-air cooled facilities in neighboring areas must install cooling units, too.

Aside from health, increased production and comfort aspects of air conditioning, industry today is developing more and more products that require rigidly constant temperatures during production or for storage. Air cooling installed for meats, packaged foods, and industrial processing, etc., totaled \$370,000,000 in 1953. The new synthetics, printing plants, a great many chemicals, and modern techniques of high precision metal work demand unwavering levels of cold or heat for accurate processing. Only machines can produce such steady weather.

This rocketing prosperity has attracted new makers to the field. Competition in the newest industrial free-for-all is so fierce that by the end of 1954 more than 100 manufacturers and assemblers will be turning out equipment. Some firms, like Fedders-Quiggan in Buffalo, make units for several brand names besides their own.

There were about 30 single room unit manufacturers at the beginning of 1953; now there are more than 60 and the Air Conditioning Institute estimates that the number will reach 90 by the end of summer. Fewer than 20 built whole-house central units last year. Today, a dozen heat equipment makers are in or moving in on this market. Meanwhile oldsters—Brunner, Carrier, Westinghouse and Worthington, and others—are vigorously expanding already extensive facilities.

Neither huge expansions by established firms, nor wholesale entries into the new field by new companies evoke surprise against the background of America's truly vast air-conditioning potential.

A million new homes are built in the U. S. every year; ergo, 1,000,000 new potential system sales develop annually.

There are 25,000,000 centrally heated homes in the U. S.—every one a prospect, dim or bright, for some kind of air conditioning.

Of these, 13,500,000 have warm air heat and some type of internal conduits or ducts which can carry chilled air as easily as heat. So far, the young air-conditioning industry has placed only 80,000 central units in these homes. That leaves 13,420,000 prospects for central residential cooling systems.

Steam or hot water systems serve the remaining 11,500,000 centrally heated homes—and offer a red hot field for battle between single room and central system sellers. Few central systems have gone into these older homes. The short, concentrated air-conditioning boom has placed about 2,000,000 single room units. That leaves nearly 9,500,000 wide open customers—some of whom will buy not one, but two or three single room units.

Despite these sales potentials, air conditioners know that a buyers' market is developing in America today. Consequently, sales campaigns this year have been tailored to a buyers' market. Price tags are down on single room units—by \$10 to \$100. Manufacturers promise to reduce prices on central systems as sales in this category increase. In reality, the makers claim, their products have already taken sharp reductions because air-conditioning costs almost stood still while the value of the U. S. dollar sank.

Meanwhile the industry is checking its products in an experiment conducted with the help of University of Texas technicians. In a 14 home “Air Conditioned Village” at Austin university scientists, medical and engineering students check whether papa is ill-humored or happy in constant cool, dry air; whether mother can do her work better; whether child health is good. At the same time, installation operating and maintenance costs of equipment will be scientifically appraised. The National Association of Home Builders has joined the air conditioning industry in sponsoring the tests.

With their flashing new designs, a rainbow of colors, and every mechanism they can muster to improve performance, cut down noise and lower prices, the air conditioners face the future with tremendous confidence. Most of them agree with the once-dreamy prediction of Carrier's Cloud Wampler:

“The day is not too far distant when the average American will wake up in an air-conditioned bedroom, breakfast in an air-conditioned breakfast nook, ride in an air-conditioned car to work in an air-conditioned manufacturing plant or office building. He will return for dinner in an air-conditioned dining room, relax in an air-conditioned movie or sit in an air-conditioned living room watching a color television program originating from an air-conditioned studio, before retiring to his air-conditioned sleeping quarters.” **END**

—EDWARD B. LOCKETT





# HOW'S

## AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

### AGRICULTURE

Secretary of Agriculture Benson's action in lowering price supports on milk and butterfat to 75 per cent of parity for the year starting April 1 is going to mean less dollar income to dairy farmers during the next year, but it could mean more normal sales through regular markets and an improvement in the total business done in dairy products.

Those who want to keep the 90 per cent price supports argue that the Commodity Credit Corporation may have to buy as many dairy products this year as last, and that milk production will continue high because milk cows are more numerous than a year ago.

Prices of dairy products probably will come down a little but that may not immediately increase consumption. Recapture of lost consumer markets will take time.

Hearings in Congress on the whole range of price supports may result in legislation modifying the 75 per cent decision. Whether or not Mr. Benson's ruling is affected by congressional action, it seems clear that the dairy industry is in for a period of painful but eventually healthy adjustment to the market forces of supply and demand.

### CONSTRUCTION

Despite the new building activity of recent years, industrial construction has not been keeping pace with

the growth of the economy; and, taken as a whole, our industrial plant is the most obsolete element of our capital structure.

Considered in terms of the physical volume of new building (as measured in 1947-49 prices) the average amount of new plant construction for the past eight years was \$1,590,000,000, compared with \$1,260,000,000 for the eight years following World War I, an average increase of 26 per cent. Yet, in the same two periods, the average index of industrial production increased 156 per cent.

The question is: Has the combination of a moderate increase in new plant, plus alteration and improvement of existing factories, plus the extra capacity obtained through new machinery, met the requirements of an expanding economy?

The present situation comes down to this: A very large demand for additional industrial building continues; the practice of favoring equipment rather than building investment has probably accomplished about as much as may be expected of it; cost and tax conditions should be more conducive to new building than has been the case during the past few years. In an economy that continues to expand, the prospects for more industrial building should be good.

### CREDIT & FINANCE

It may be neither pertinent nor significant but it is interesting that within days after Senator Flanders

remarked, during the recent hearings on the Joint Economic Report, that the Bank of England made frequent changes in the rediscount rate—practically week-to-week adjustments as a matter of course—the Federal Reserve Board made the first change in a long time.

Careful perusal of the latest Federal Reserve report leads the reader to infer that reserve rates are probably too high for the state of our peacetime economy. High reserves and strict credit control went hand in hand during the emergency period. In today's more normal environment the Federal Reserve is likely to put more normal mechanisms again in use.

### DISTRIBUTION

Opinions gathered from key executives in retail, service and wholesale businesses across the country have added up to expectations of 1954 being as good a year as 1953. This optimism seemed to be based upon preparedness on the part of these distributors to meet competition. This is a healthy sign—for it means better planning and more efficient operations.

One thing is certain—prices, a sensitive barometer for retailers and wholesalers, are not dipping. When prices from suppliers come down, it is clear that competitive markets have registered with the manufacturers. There are no widespread price declines in sight. This situation has opened wide the door of opportunity to discount houses—and this form of distribution is definitely increasing.

Investment in the expansion of facilities and the modernization of equipment seems to be headed for big things during this year in distribution. One grocery trade association, for example, reports that \$880,000,000 will be spent in its field for new and modernization construction.

### FOREIGN TRADE

The United States, subjected to pressure on tariffs and government loans, has been at something of a disadvantage in economic matters at the Tenth Inter-American Conference at Caracas.

When the meeting convened, the Eisenhower Administration had not



# BUSINESS? a look ahead

clearly committed itself to specific legislation in the international trade field, and had not settled its Latin American policies.

Meanwhile, the Latin countries complained that nothing effective had been done about the recommendations of Dr. Milton Eisenhower's mission early last year, which stressed the importance of improved economic relations between the United States and her Latin neighbors.

The grievance among Latin countries whose economies are generally dependent on one or two basic raw materials, mostly sold to the U. S., is that prices for these commodities fluctuate between boom and bust. They want some sort of plan to stabilize prices at a point commensurate with prices they pay for our manufactured goods.

An important aspect in the economic development of Latin America, therefore, is to make it less dependent on producing one or two raw materials. The U. S. says this can best be done by better treatment of U. S. private investments, by technical assistance, and greater economic diversification.

## GOVERNMENT SPENDING

Proponents of a balanced budget are finding their job difficult these days. When the \$65,600,000,000 budget was submitted last January it estimated a deficit of \$2,900,000,000. Economy advocates in and out of Congress have since been pressing for a balanced budget, pointing out that this deficit could be made up by further expenditure cuts.

Now, however, impending expenditure increases complicate the picture. Government employees, both in the Post Office Department and in the regular Civil Service, are pressing for across-the-board pay raises of \$500 to \$800. And unsettled business conditions have given new impetus to federal public works proposals.

The pending pay increases pose an immediate problem. With about 2,350,000 federal civilian employees, a flat \$500 increase would cost almost \$1,200,000,000.

While there is some possibility of a stepped up public works program in the next fiscal year, it seems more probable that current developments

will be in the direction of advance planning of projects for action if business needs a quick stimulant.

## LABOR RELATIONS

President Eisenhower's message on labor law called on Congress to study welfare and pension funds covered by collective bargaining so that standards could be established to protect the funds for employees who are the beneficiaries.

Congress has so far focused major attention on such Taft-Hartley issues as states rights, boycotts, and N.L.R.B. administration. The welfare fund problem, however, is next on the list to receive attention by the House Labor Committee.

This issue presents some grave implications. Billions of dollars are being placed in these funds, and so far there have been practically no rules to insure either honesty or efficient administration.

Important questions are: 1. Whether such funds are too often being used to keep a high number of union appointees in plush jobs and office quarters; 2. Whether in some cases union agents are getting kickbacks from insurance representatives; 3. Whether the funds are at times being actually embezzled, and, 4. Whether regulation would be more effective at the state or federal level.

## TRANSPORTATION

Only prompt and aggressive community action will halt growing traffic strangulation of our cities, businessmen and city officials concluded at a national conference on urban problems in San Diego.

A startling upsurge in the numbers of motor vehicles since 1946—34,000,000 then, 55,000,000 now—and the steady migration of rural dwellers to metropolitan areas were cited as the basic growth factors requiring increased municipal services and expenditures.

The conferees agreed that more downtown parking is needed. But they also called for greater use of mass transportation to make jam-packed city core areas more accessible to more people.

Much is being accomplished in the way of unstoppering congested areas through scientific traffic engineering methods, yet urban and highway

construction—now totaling \$500,000,000 annually—must be accelerated.

It was agreed, too, that business leadership is essential if these various objectives are to be attained. A transcript of the conference may be obtained from the Chamber of Commerce of the United States.

## NATURAL RESOURCES

Science is still looking for economical ways to purify sea water to relieve increasing demands on limited supplies of fresh water for cities, irrigation and industry.

Recently published reports show that the new electric membrane method seems to hold the most promise for large-scale uses. After further study, the price may approach 30 cents per 1,000 gallons, a competitive price in many places. Present knowledge of another process, the compression distillation method, indicates its cost may be about 70 cents per 1,000 gallons, a competitive or at least feasible price in certain areas short of fresh water.

Business leaders are advised to keep abreast of developments sure to come within a few years.

## TAXATION

As now drafted, the provision for speedup of corporate income tax payments is a likely candidate for elimination from the Internal Revenue Code revision now before the Congress. The Ways and Means Committee received such a storm of protest from small business, based on press reports of the original action, that an exemption was inserted for all corporations with tax liabilities less than \$50,000. This eliminated all but about 35,000 corporations of the 400,000 making tax returns.

In exempting the many the Committee has created an impossible situation for those marginal corporations whose annual tax liability fluctuates from just under \$50,000 to just over that figure. Picture, if you can, the plight of a corporate management which estimated in September that its tax liability would be \$49,000 and found in December that it was over the \$50,000 limit. No matter what, they would be three months late, and compliance with the law would be impossible.



# YOUR STANDARDS ARE SET HERE



Among its many jobs the National Bureau  
of Standards controls the precision  
measurements that make America's big  
production possible

By **ALFRED TOOMBS**

**S**CIENTISTS weigh the earth—and weigh a wisp of smoke. They measure the bend made in a steel rail when a fly saunters over it. They snap the same rail with a weight of 3,000,000 pounds.

They set their clocks by the rhythmic vibration of a molecule, make measurements by the eerie green light of an excited mercury atom, and watch over a boiling pot by which all of our thermometers are regulated. These men are thrown into a fit of gloom when they discover an error in a measurement which amounts to ten parts in a million.

This is the National Bureau of Standards, an agency which makes possible the accuracy of anything from the watt-hour meters which measure the billions of dollars worth of electricity we consume to the pitch of the saxophone that wails in the night.

The doctor puts his faith in these men when he makes a blood count. The man of distinction trusts them when he chooses his booze. The lady of the house depends upon them when she orders paint that is blue or lipstick that is shocking pink. The traffic judge accepts their standards when he convicts a speeder.

About four years ago the residents of one area of New England received a dramatic demonstration of their dependence upon this agency. This came when the Bureau's radio station WWV made a slight change in its broadcasting procedure.

Listeners were repeatedly warned of the change, but one sleepyhead in a New England electric generating plant didn't get the word.

Like all plants generating alternating current, this plant keeps its dynamos producing current of 60 cycles a second by tuning in constantly to a signal sent out by WWV. When the man in the New England generating station failed to note the change in procedure, his dynamos slowed down—and so did electric clocks throughout the area. Several hundred thousand of his customers woke up next morning a few minutes behind the rest of the world.

The Bureau's influence over our lives has its origin in a couple of curiously shaped pieces of metal, carefully preserved in a vault to which only one man has access, and in 25 carefully selected quartz crystals, buried deep in the earth of Maryland. These objects are the basis for the three standard measurements of length, mass and time which are the foundation of all our industry and technology.

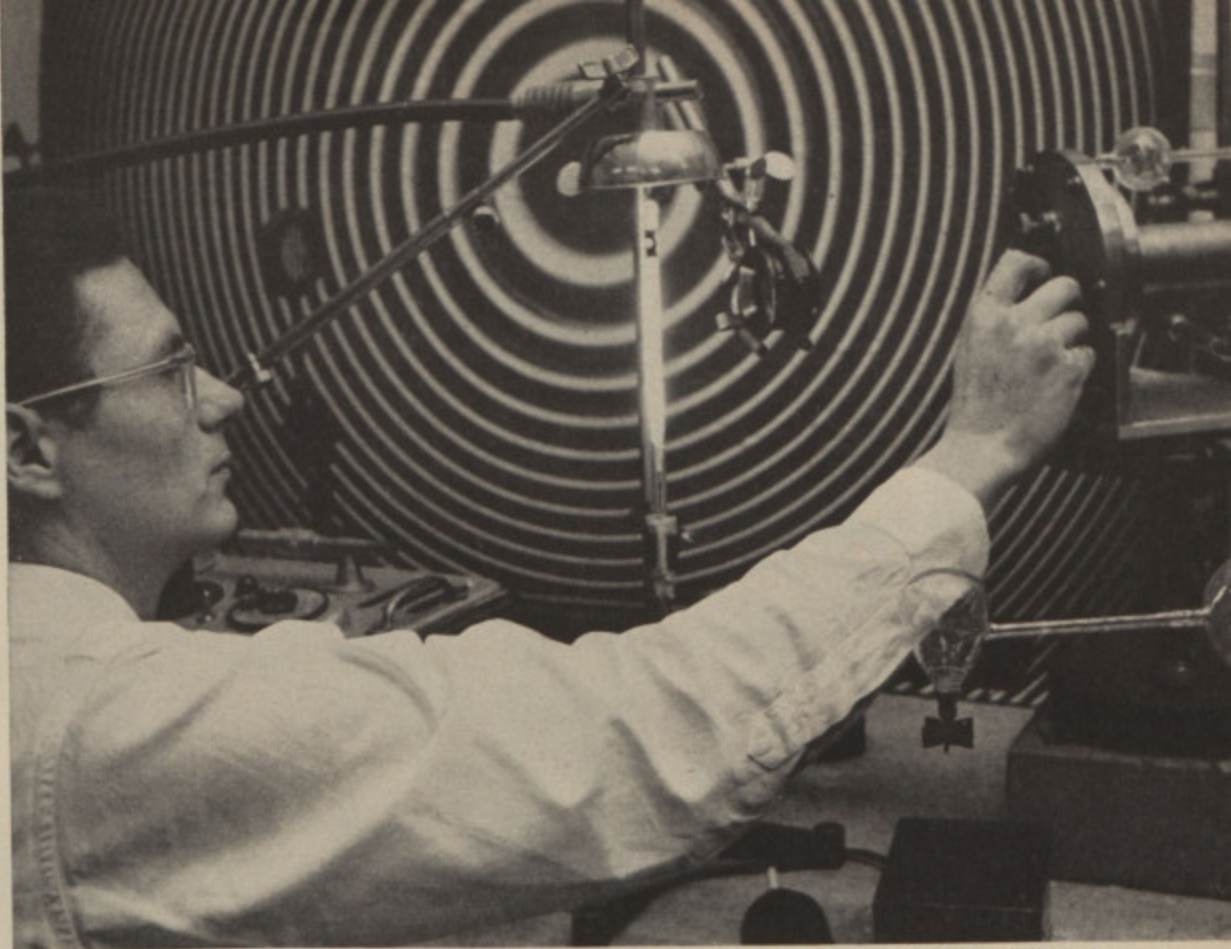
From these basic standards some 700 others are derived. By use of the three basic standards, the Bureau tells the electrical industry exactly what a volt is; tells the oil industry exactly where to find a temperature of 100 degrees centigrade; tells the communications industry exactly where to locate 1,100 kilocycles—and tells Professor Schmidt, who teaches violin in the next block, exactly what A above middle C is.

The Bureau was created originally to act as custodian for these basic standards. Over the years it has taken on other functions which have led it into much publicized situations. The Astin-Weeks controversy over the battery additive AD-X2 was one of these.

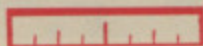
This resulted from the Bureau's policy of making tests for other government agencies. For the Bureau tests samples of materials bought by the government—ranging from auto tires to light bulbs—to determine whether they meet basic specifications set by the purchasing agency. The Bureau does not say which product is best, but makes adverse reports on any brands which do not meet specifications.

It was while doing the Post Office Department a service that the Bureau got mixed up with battery additives. The postal authorities were about to lower the boom on the manufacturer of AD-X2 and asked the Bureau to test it. The Bureau's adverse report re-





PHOTOS BY GEORGE LOHR



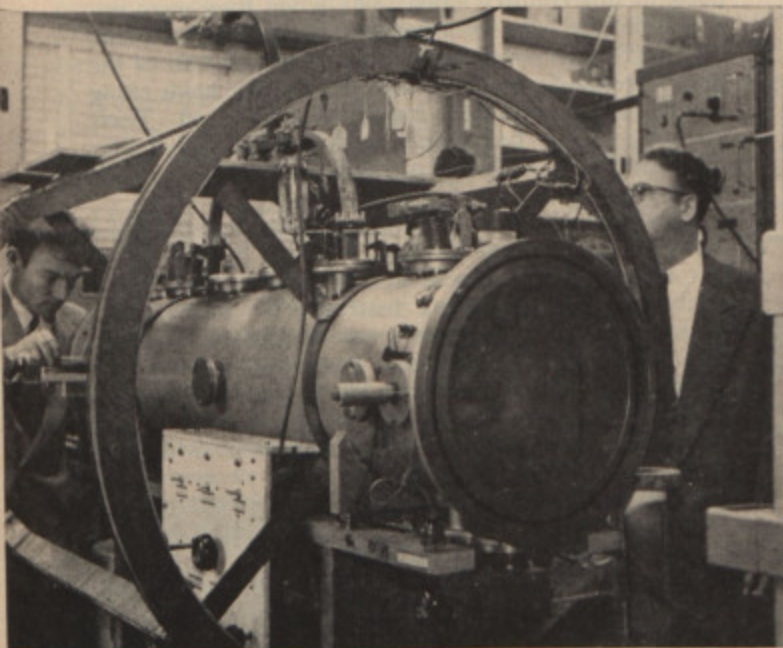
*How long is an inch? Length could vary were it not for devices such as the Mercury 198 lamp*



*What's correct time? The Bureau's atomic clock is a better timekeeper than the earth's rotation, which isn't good enough for science today*



*Is weight the same everywhere? The kilogram is guarded against moisture and dirt, which could tip the scale and cause trouble*







*Dr. Allen V. Astin, left, stands by a machine which can approach absolute zero*

sulted in a noisy controversy, which was settled when a committee of outside scientists firmly upheld the Bureau's determination.

In the midst of this controversy, it was decided to strip the Bureau of a number of divisions which had been doing weapons development work. These had been doing ordnance research in connection with electronics and had been responsible, during the last war, for development of the proximity fuse. Under the reorganization, these divisions were transferred to the Department of Defense, although the Bureau still does much basic research for defense projects.

Although the Bureau issues no regulations nor orders, it probably exercises more direct influence on the daily life of every citizen than any government agency—including the tax collector. This is partly because the Bureau, for a modest fee, makes tests on the instruments by which all measuring devices, from carpenter's rulers to Geiger counters, are calibrated. The companies which manufacture items such as meters, gauges, testing rings, etc., send their instruments to the Bureau to be checked.

That the Bureau, as a result of this service, enjoys an almost unique place in the affections of businessmen was demonstrated last year when Congress, dedicated to economy, made a cut in the Bureau's appropriation which forced a curtailment of the services being performed for industry. A group of businessmen formed a committee to fight for restoration of the Bureau's appropriation.

The pieces of metal upon which the standards of length and mass are based are known as the prototype meter and the prototype kilogram, modeled with exact precision after the international standards which are kept in Paris. The meter is a bar, made of \$10,000 worth of platinum and iridium, and the kilogram is a cylinder, containing about \$3,000 worth of the same

metals. When they are removed from the vault every year or two for comparison with working models, they are carried by two men—for fear one should stumble and drop them.

The kilogram, kept in a dustproof container, is never touched, lest a smear of moisture or a speck of dirt from human hands cause it to vary from its true weight by a fraction of a milligram. When it is used to balance the working standard, the job is done by remote control—for the warmth of a human body within ten feet of the metal might affect it.

These pieces have been the standards of length and mass in this country since 1890, when they were unsealed in the office of President Benjamin Harrison. Although most countries use the metric system as the basis for their measurements, the British have clung stoutly to measurements based upon the yard. Their yard is a bronze bar which seems to have varied over the years by 1/10,000 of an inch—a deviation which has become a matter of serious concern.

During World War II, the Australians undertook the building of American planes. We sent them a set of our master gauge blocks against which they could calibrate their measuring instruments. Word came back quickly to us that our gauge blocks were inaccurate. The Bureau realized immediately that the Australians were checking our blocks against measurements based upon the British standard yard. Since the aircraft industry works on tolerances which go down to 1/10,000 of an inch, it was necessary for the Australians to adjust their measurements to our gauge blocks—so that plane parts would be interchangeable with those made here.

This discrepancy between American and British standards is hardly enough to inconvenience the tailors. But it is becoming a serious problem in industry, where some working tolerances are now as fine





## At what age should a man retire from business?

ONE THING IS SURE. You want to plan for your retirement . . . not be "retired" prematurely by a disastrous fire which destroys the records your firm must have to stay in business.

It couldn't happen? Don't be *too* certain about that. Even if you keep your accounts receivable and other vital records in a big, solid-looking safe . . . even if that safe is in a fireproof building . . . even if you're well covered by fire insurance—it could happen.

Scores of "retired" businessmen can tell you that an old safe, or *any* safe without the Underwriters' Laboratories, Inc. Label will *incinerate* its contents when the temperature inside gets above 350° F. They can tell you a fireproof building will just *wall-in*

an office fire, too. Make it *hotter*. And they can show you the clause in your fire insurance policies that says you must provide "proof-of-loss within 60 days" to collect fully—which takes *records!*

### See how deadly this danger really is?

It's so deadly that 43 out of 100 firms that lose their records in a fire never reopen. And the rest go through years of difficult readjustment problems.

How do you know *your* firm isn't among

the 70% now risking disaster because of inadequate protection? Check on it! Get a *free* Mosler FIRE "DANGERater." Find out your "DANGERating" and get the protection it *calls* for. But don't trust anything less than the *best*. Mosler is recognized as the leader for styling as well as protection features. Consult classified telephone directory for the *Mosler* dealer in your city. He has a full line of famous Mosler Record Safes. See *him*. Or mail coupon for "DANGERater," today!

IF IT'S MOSLER . . . IT'S SAFE

*The* **Mosler Safe** *Company*  
Since 1848

*World's largest builders of safes and vaults . . . Mosler built the U. S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima*



### Free! Fire "DANGERater"

Tells you in 30 seconds how much protection your vital records need. Easy to use. Accurate. Authentic. Based on experience with thousands of fires. Figures in over a dozen vital factors about your business. Mail coupon for your Free "DANGERater," now. No obligation.

The Mosler Safe Company, Dep't NB-4  
32nd Street and 5th Avenue, New York 1, New York

Please send me (check one or both):

- ( ) Free Mosler Fire "DANGERater," which will indicate my fire risk in 30 seconds.
- ( ) Illustrated catalog, describing the new series of Mosler Record Safes.

NAME.....POSITION.....  
FIRM NAME.....  
ADDRESS.....  
CITY.....ZONE.....STATE.....





## Fear takes a holiday

*Normally these animals shun each other. But in a drought, thirst conquers fear . . . and they drink in peace together.*

Water gushes from a tap so plentifully you might assume its supply is endless.

Unfortunately, this is not so. Our constantly growing population and increasing demands of industry place a heavy drain on our over-worked water sources. Insufficient rainfall and erosion make the situation even more acute.

America's engineers are doing a magnificent job of keeping our 160 million people supplied with water. But they ask your help. Use, enjoy, but conserve America's greatest natural resource. Water, your link to life, is too precious to waste.

**WATER, your priceless heritage . . .**  
use it . . . enjoy it . . . protect it with . . .

## CAST IRON PIPE



Man's Most Dependable Carrier of Water  
—Cast Iron Pipe

This cast iron water main in Buffalo, N. Y. is 104 years old and still going strong. Modernized Cast Iron Pipe, centrifugally cast, is even tougher, stronger. Cast iron's proved record of long, trouble-free life saves taxes.

Cast Iron Pipe Research Association,  
Thos. F. Wolfe, Managing Director, 122  
So. Michigan Ave., Chicago 3.

CAST IRON

among the top names in Latin American communism ever since. His influence in the army is strong.

Two admirals and ten generals, including the chief of staff of the Brazilian Army, were arrested in 1953 charged with communist plotting. The Officers' Club of Rio de Janeiro nearly elected the ousted communist former chief of staff as its president!

Prestes and his guerrillas and sabotage units do not want to take



*A FUGITIVE from the Federal Bureau of Investigation, Gilbert Green, former chairman of the Illinois Communist Party, enjoys the sanctuary of the Guatemalan government*

over local governments—yet. Latin American communist parties now try to give the impression of weakness, and their major efforts are directed toward the penetration of government, industry, police, church and labor.

This policy has proved so successful that communism in Latin America today constitutes a major threat to the security of our country. If the tide of anti-U. S. sentiment is permitted to swell, we can lose this hemisphere as surely as we lost China, and with far more devastating consequences. This fact has been brought home so forcefully by events in British Guiana, Bolivia and Guatemala, that the previous seeming indifference of the State Department has had no place to hide from it.

In recent months the State Department has made significant moves which reveal at last a sort of policy toward Latin American government. It might be summarized like this: "We will help those governments which make anticommunist noises, no matter what they do to U. S. investments, provided they promise to



make good somehow, some day." Nevertheless, U. S. delegates went to the tenth Inter-American Conference of the Organization of American States, at Caracas, Venezuela, with instructions to get as strong a resolution through as possible to crack down on communism and communist activities in this hemisphere—although it was conceded that other issues on the agenda—economic development and colonialism are two—are more important to most Latin Americans than the specter of communism.

The State Department appears to believe that to stop communism we must support the governments in power by loans, grants and subsidies. Actually, money grants won't stem communism in Latin America any more than they did for Chiang in China. The ink had scarcely dried on our last grant to Bolivia last October when the Bolivian Confederation of Labor (C.O.B.), powerful in both the government and the Communist Party, charged that the Bolivian regime's sale of tin to the U. S. was signed "under the pressure of imperialism."

In Bolivia we have, in effect, encouraged nationalization by confiscation of American mining and oil properties throughout Latin America, while bolstering a regime so patently left-wing that it merited a quarter-page of praise in *Pravda*.

Mines Minister Juan Lechin, an ardent leftist, admits the government loses 20 cents on every pound of tin. Yet Uncle Sam is heaping another 10,000 tons of Bolivian tin on his huge stockpile, for about \$18,000,000, and has already hurried \$11,000,000 in various grants to the Bolivians to make up their losses.

Meanwhile, despite our aid, tin production is down, Bolivian economy is a shambles. The mines are dangerous and subject to breakdown or collapse. Tin production is controlled by a communist-dominated union whose members have been trained in sabotage, and whose leaders, including Lechin, have taken a course in communist leadership under a member of the Comintern in Chile.

So that while Bolivia still sells us tin, the Reds are in a position to shut off production at will, and destroy for years the possibility of rehabilitating the mines in case of war with Russia. Our only other sources of tin are the Far East, susceptible to Russian conquest and a blockade across the Pacific, and Africa, where production is negligible thus far.

State Department officials privately explain their policy by saying that Bolivian President Victor Paz Estenssoro is not an 18-karat Red,

## "only 237,630 more to fill before quitting time!"

A good day's work indeed! . . . and that amazing figure represents the number of barrels of liquid petroleum Cities Service refined every single day in 1952 . . . a total of 86,735,000 barrels! In that same year, the entire American petroleum industry produced 54.3 percent of all the crude oil produced in the world!

Obviously, the aggressive American petroleum industry is maintaining world leadership in this vital field and Cities Service, with its vast production, is an important contributing member of this great petroleum family.

We in the United States represent the largest users of petroleum products in the world but even more important is our position today as leaders of the free world. Only our great strength can assure that our world will stay free . . . and one of the most important segments of our freedom arsenal is the petroleum industry. Cities Service, one of the largest petroleum companies in the world, will continue to work toward finding new and better ways to serve the U. S. consumer . . . new and better ways to serve the cause of world freedom.







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and that Lechin himself is not actually a Communist Party member. (Paz Estenssoro describes himself as an "orthodox Marxist.") The question of who is and who isn't an orthodox communist could be debated until the bombs hit us. Comrade Malenkov is like the farmer who sets up a beehive and gets the bees to working. The bees may not be orthodox Marxists, but the farmer will come along and collect the honey anyway.

Lechin told me, at a gin rummy game in La Paz recently, that "if the reactionaries start anything, I will send 10,000 miners down on La Paz and wipe them out. And if the mine owners try to come back, I will blow the mines so high that nobody will ever be able to find the pieces."

The ugly fact is that, at a signal from Moscow, mines, pipelines, oil refineries and docks in a dozen countries could be blown into smithereens, possibly together with the locks of the Panama Canal. We are in real trouble in Latin America and we have ourselves largely to blame. We were in the same spot once before, in 1941, when the Nazis were plotting our downfall. The Reds have benefitted by the Germans' mistakes, but it is doubtful if we have learned the full lesson of our close escape.

THE Nazis in 1941 were fully prepared to accompany the Japanese attack on Pearl Harbor by blowing up the locks of the Panama Canal, destroying the oil refineries and pipelines in Venezuela, Curacao and Aruba, sabotaging the bauxite deposits in British Guiana (where the Reds are still a power) and establishing a series of German-controlled governments based in Buenos Aires.

The Nazi plan failed, by a hair's-breadth, after a battle in the Caribbean between German U-boats and American aircraft in September, 1941 (yes, before Pearl Harbor). But almost the same plan, with the bugs ironed out, has been adopted by the Russians, using some of the same ex-Nazis, now "communists," who were to participate in the 1941 blow.

The communist espionage and sabotage organization is even better than the German was. For one thing, the Reds use native cat's-paws, having trained hundreds of them in Russia for the purpose. On the other hand, the United States has ignored warnings by ex-Reds who once worked in the communist network, and who are alarmed at our seeming inability to recognize the danger.

The entire espionage organization described by Jan Valtin in his book "Out of the Night" is still operating along the west coast of South America, in some cases with the



same liaison agents Valtin mentioned. This vast network of sabotage and espionage, extending from San Francisco to lower Chile, uses American ships and planes to transport information, propaganda, agents and instruction in the latest Moscow methods of blowing up a mine or "eliminating" a Yanqui.

Czechoslovakian weapons are smuggled into Mexico, Central America and British Guiana for transfer to Venezuelan Reds.

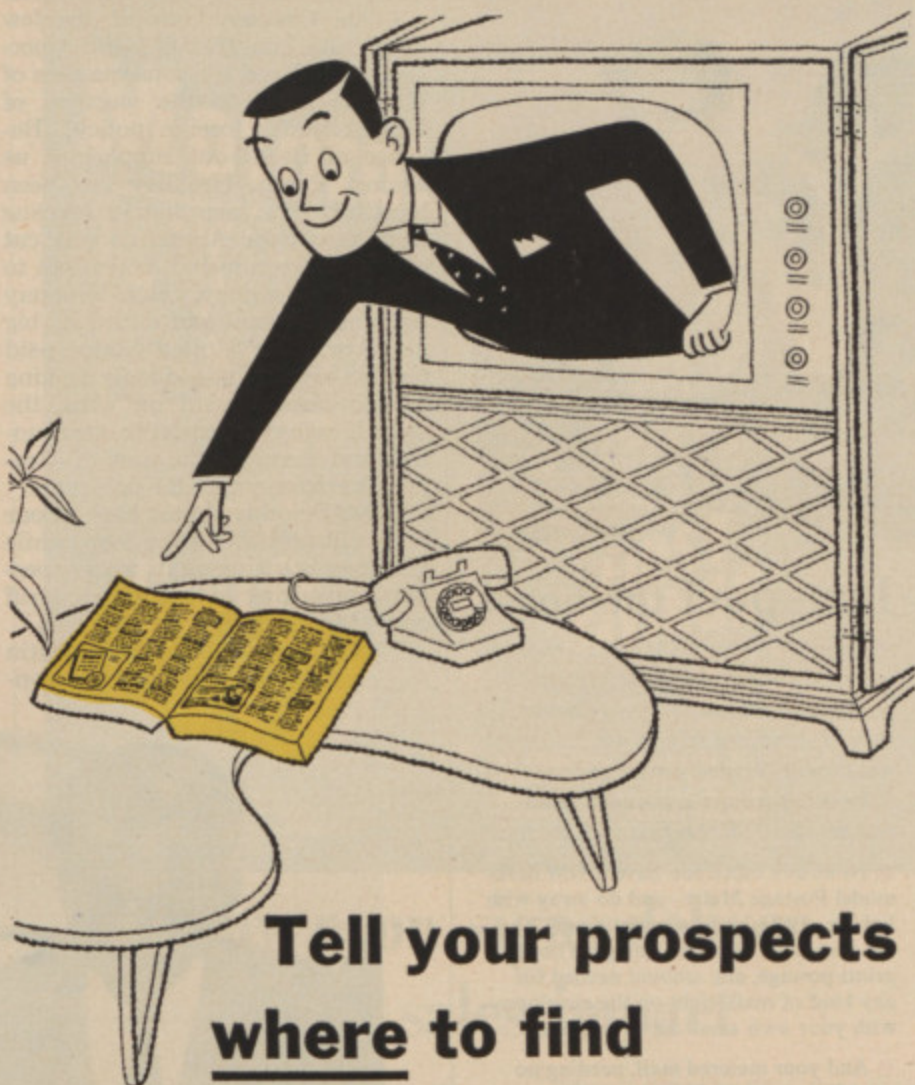
More important are the special explosives and devices for sabotage brought by diplomatic pouch to the Czech and Polish legations in Mexico. According to Dr. Jorge Prieto Laurens, former president of the Mexican Congress, who has conducted an exhaustive and expensive secret investigation into communism in his country, American, Russian and Spanish communist agents, posing as Russian, Polish and Czech "diplomats," reach Mexico at the rate of ten a week. From there they are distributed throughout the hemisphere.

**THIS** Russian penetration of Latin America started a generation ago but was not a serious threat until after the Spanish Civil War, when thousands of Spanish communists were exported to this hemisphere. Some 2,000 of them reached Chile in September, 1939, aboard the S.S. *Winnipeg* and circulated through the southern half of the continent.

One of them, Col. Francisco Llucho of the Spanish Republican Army, is an adviser to Bolivian President Paz Estenssoro. Another large group was sent into Cuba, where they helped take over the unions, penetrated the government and spread to the rest of the Caribbean. Cuba's anti-Red leaders put up a valiant fight, but by 1943, after the Reds killed 40 of them, the communists controlled Cuban labor.

They operated with dispatch and frankness, as they showed with Sandalio Junco, a communist who had been invited to Russia and was disillusioned there. Junco headed the powerful tobacco workers union. In June, 1940, while he was presiding at a union meeting in the Municipal Palace of Sancti Spiritus, the lights suddenly went out. Shots rang, the lights went on, and ex-communist Sandalio Junco was lying across the speaker's table, mortally wounded. After a few more murders, not as sensational but quite as effective, the tobacco union was under control.

Even in democratic Uruguay, murder is a Red weapon. The transport workers were an easy target after the Reds killed Felipe Nery, Aleman and Bertha Pallas, and



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● Now, any office can have a DM desk-model Postage Meter—and do away with licking, sticking and accounting of old-fashioned adhesive stamps. The DM prints postage, any amount needed for any kind of mail, right on the envelope—with your own small ad if you like.

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threatened to kill a dozen others.

Little Uruguay, one of the few democratic countries of Latin America, has suffered the consequences of hitching itself to the vagaries of United States foreign policy. Because of its all-out support of us against Peron, Uruguay has been hard hit. The huge tourist revenue from next door Argentina was cut off when Peron forbid Argentines to travel to Uruguay. But Uruguay tightened its belt and defied its big neighbor. The United States paid for this loyalty by suddenly tacking a high import tariff on wool, the main Uruguayan export to our country, and knocked the rest of Uruguay's economy into the doldrums.

Now, Peron is almost back in our fold, will probably get a loan, while Uruguay is sitting on its wool expectantly awaiting help through tariff cuts. More grist for the Red mill.

The Russian orders that all Latin American communist parties con-

Peron were tossed out of the party. Rodolfo Ghioldi, the No. 2 man of Argentine communists, was removed from the Central Committee because he objected to the down-the-line support for Peron ordered by Moscow.

Even that great eminence of Latin American communism, Luiz Carlos Prestes, was recently forced to write a 128 page self-criticism, confessing "deviationist" thoughts.

A few weeks ago, in a secret meeting at Mexican communist headquarters, a young Peruvian Red, Juan Chang, deported from his own country after three years of prison, demanded that the leader of the Peruvian communists, Juan B. Luna, be expelled from the party. Emaciated and ill from his suffering on behalf of the cause, young Chang cried out that the party boss is not only a senator in the government of strong man Gen. Manuel Odria, but that Luna is labor tsar of Peru, run-



PENNO JACOBS—BLACK STAR

**JUAN LECHIN**, Bolivian Minister of Mines and graduate of a course in communist leadership, tells intimates: "... and if the mine owners try to come back, I will blow the mines so high that nobody will ever be able to find the pieces"

centrate on the anti-United States campaign has caused trouble in the party. That is because, in opposing the United States, the communists have been forced to cooperate with anyone traveling in that direction—including their worst enemies. Those idealists who embraced communism because they thought it stood for a better world, found themselves ordered to defend Juan D. Peron with their lives, simply because he opposed Uncle Sam. Soon Argentine communists who refused to support

ning the unions on behalf of the military dictatorship.

There was charged silence after Chang voiced his complaint. Then, Vicente Lombardo Toledano, boss of the Confederacion de Trabajadores de America Latina (CTAL), said quietly: "You have been in jail a long time, so you do not know that Juan B. Luna is acting within the lines of our new policy. He is working under our instructions. Please do not broach the subject again."

What Chang did not know was



that during his three years in prison, a new look has come over communism in Latin America. The party has split down the middle into what is known as "Red" and "Black" communism. It was the first big split since 20 years ago, when the communists divided their forces three ways:

**FORCE ONE** was headed by militant communists like Lazaro Pena, Juan Marinello and Blas Roca in Cuba; Luiz Carlos Prestes in Brazil, Victorio Codovilla, Rodolfo Ghioldi in Argentina; Pablo Neruda in Chile; Eudovio Ravines in Peru; Gustavo Machado in Venezuela. These men continued openly as communists, representing the Communist Party. With the exception of Ravines, who is now an anticommunist, and several others who are dead, these men are still leaders of "Red" communism in Latin America.

**FORCE TWO** includes labor leaders, intellectuals and journalists who do not admit to communism, but are militant Reds at the service of Moscow.

**FORCE THREE** is more sinister. It includes men who, not suspected as leftists, often pose as anticommunists. They are in high and unsuspected places in government, even the police and, in some cases, the church. One of these men, who in 1932 was secretary of the Communist Party of Costa Rica and a Comintern agent, is Romulo Betancourt, later President of Venezuela from 1945 to 1949.

Now, however, there is a fourth force in Latin American communism. The militant communists have split, "expelling" those who had collaborated with the United States, even in the war effort. These "expellees" form a curious band of former Communist Party leaders known as the "Black" communists.

The "Blacks" are assigned to support local Latin American governments, no matter what their form. They are vigorous defenders of whatever policy the local dictatorship chooses. They have won the confidence of military dictators and they efficiently run the unions for the grateful military men who know nothing about labor and are afraid of it. The official "Reds" talk with scorn of the "Black" communists—but refrain from attacking them in their Party newspapers.

Dr. Prieto Laurens has evidence that these "Black" communists are still trusted members of the Comintern, and that their true role is dictated by Lombardo Toledano in Mexico, who heads the "noncommunist" division of the party in the Caribbean.

Thus, the Venezuelan oil unions are managed by "Black" commu-

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By Federal Enterprises, Chicago, for Motorola. World's largest spectacular—200 feet long, 150 feet high, 2 miles of Corning neon tubing.



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Chicago's standout electrical signs are neon and those illustrated are quite typical. But why neon?

Whatever your business, wherever it is located, a neon sign can attract more attention because of its brilliance and design flexibility. And with Corning's new solid color tubing—RUBY, NOVIOL (fluorescent yellow or gold) and MIDNITE BLUE—you can attain unusual effects which set your neon sign apart.

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Yes, if you use time-tested and proven methods of attracting customers.

When it comes to signs, neon is tops because it is visible from greater distances in all kinds of weather. And, because neon is *flexible*—you can have unusual design... more life-like animation... or even change emphasis in your message by an inexpensive change of colors!

### Identification more important now

With more competition for every spendable dollar... with more night shopping hours, you need more dynamic identification than ever now.

The man who can help you with this is your neon sign craftsman listed in the yellow pages of your phone book. Give him a call.

**Your's FREE**... Corning's new 20-page booklet, "Sign Up With Color" by color consultant, Faber Birren.

It's filled with helpful information on color and uses of color, tells you which colors are best for your business or products. Send for it today.



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*Corning means research in Glass*



Wastes no money

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## THE FRIGIDAIRE FLASH-O-MATIC WATER COOLER!



**Saves on operating costs!** Uses little or no current when water is off. The Frigidaire Flash-O-Matic Water Cooler chills instantly, but only when water runs.

**Passes the tough "chill" test!** Flash-O-Matic action comes through with flying colors! Hundreds of glasses of water were drawn, one after another, hour after hour, and the last glass proved just as refreshingly ice cold as the first!

**No spurt, no sputter!** Stream never surges or dies out—automatic regulator compensates for all changes in water pressures. Toe-tip control. Powered by quiet, economical Meter-Miser Compressor—warranted for 5 years. Choice of 6, 12, or 18-gallon per hour capacities.

**New "Executive" Bottle Type Cooler** also available. Needs no plumbing; just plug into any 115-volt outlet. Has handy refrigerated compartment with two Quickube ice trays, room for quart bottles or up to 36 soft drinks. Other bottle type coolers also available without compartment. See your Frigidaire Dealer today. You'll find his name in the Yellow Pages of your phone book. Or write Frigidaire, Dept. 23, Dayton 1, Ohio. In Canada, Toronto 13, Ontario.

### Frigidaire Water Coolers



Built and backed by General Motors

nists headed by Rodolfo Quintero, former member of the Central Committee of the Venezuelan Communist Party—and the only labor literature available at union offices is violently anti-Yanqui.

The Venezuelan Chief of Secret Police told me he can toss out the "Black" communists any time he wants to. This is just what the "renegade" Reds want him to think. Meanwhile, they can blow up the refineries whenever Moscow says.

The fact that anti-Red military dictatorships use communists and permit them to attack Uncle Sam, is part of the defense mechanism of the governments themselves.

The Reds want to transform the hunger and misery of the people into hatred of the United States. This is often encouraged by anticommunist governments because it turns the people's ire from local abuses and focuses it on Uncle Sam. The communists thrive on the ignorance and suspicion of the natives, filling them with hatred of the U. S. and a willingness to sabotage our sources of supply in event of war with Russia.

Even the pro-American ORIT, an international labor organization financed mostly by the AFL and CIO, in a memorandum to former Assistant Secretary of State John Moors Cabot, said in October, 1953: "We do not mean to put all the blame for the deplorable conditions under which the people of Latin America live on the government of the United States."

ORIT is our principal defense against the communists' CTAL, headed by Lombardo Toledano, and Peron's ATLAS, which was communist-minded until Peron recently turned on the Reds and began making friends with the U. S.

Eight years ago Lombardo Toledano had control of most of Latin America's unions. He travels with a Mexican diplomatic visa and is still subsidized by the Mexican government. His offices occupy an entire floor in the large government Pensions Building, on Plaza de la Republica, the same building which houses the Security Police.

This Mexican FBI shows little interest in communism, but has become, instead, a dreaded name among anticommunists. Several attorneys and militant anti-Reds have been killed by the Security Police in recent months, while "trying to escape" after having been taken for a ride to the outskirts of town.

In a letter to Mao Tse-Tung last year, published in the *Shanghai News*, Toledano expressed admiration for the Chinese communists and added:

"We who form part of the demo-

cratic forces in Mexico are little by little building a firm basis of disciplined party members, all inspired by the precepts of our great leader Joseph Stalin, and animated by the brilliant example of the Chinese people.

"We trust that in the not-too-distant future, Mexico will rise up to complete its derailed revolution, and will play the same progressive role in Latin America that your great country, China, is carrying out among the nations of the Far East. Accept the fervent good wishes of all the true Mexican democrats for your complete success in your battle for peace and for the high ideals that your heroic farmer-soldiers represent on the Korean front."

We must remember that revolution of some sort must come in Latin America, just as inevitably it came in China. The local capitalist is hated, often with reason, by the people, most of whom are illiterate,



ill and downtrodden. But they are no longer ignorant of world stresses and strains. The ORIT labor bulletin, published in Mexico, points out the abuses of certain local companies which have discredited capitalism and democracy in their own countries.

Mr. Cabot showed our government's concern when he said recently: "Social reform is coming. It may come by evolution or by revolution. There are reactionary elements in every country in this hemisphere which do not want social reform. They are willing to tie down the safety valve and wait for the boiler to burst. In many countries, liberal elements, confronted by such intransigent opposition, have more and more fallen under communist influences. To my mind there is nothing more dangerous from the viewpoint of long-range American policy than to let communists, with their phony slogans, seize the leadership of social reform. We simply cannot afford to identify ourselves with the elements which would tie down the social safety valve."

Nevertheless, all we have done so far is release a vast army of words to roam the hemisphere in search of an



idea on how to combat communism. The solution is not simple, but there is one, I believe.

Based on studies of communism in Latin America for 15 years, on conversations with Latin American statesmen, including former president Rafael L. Trujillo of the Dominican Republic, who has prevented communism in his own country by eliminating the economic ills which bring it on, I suggest a program for combating communism in the hemisphere:

The Germans used to call it geopolitics. It means we must use our economic strength to further our political ends. These are ugly words, but the time has come to stop pussy-footing around with the people who have their hand on the switch which can explode the hemisphere.

This does not mean that we can send the Marines into Guatemala, to boot out the native communists or root out our own fugitive Reds. But we do have the right to refuse to support Guatemalan economy by purchasing their coffee. We can refuse to buy their bananas, and we can order our ships to stop calling at Guatemalan ports until the local government stops playing patsy for Malenkov.

Bolivia's Red regime would not last six months if we refused to buy its confiscated tin and got England to do the same. Except for Argentina, no Latin American country could resist United States economic pressure to eliminate the Reds. And even Argentina could be brought into line if England cooperated.

Unless we demand action for our money, that money may come back to us in the form of a Red Latin America. Our money must have strings attached—all money does. Recently Treasury Secretary Humphrey said we would no longer lend money for the creation of industries which will compete with American exports. That makes sound commercial sense. Let's make some political sense, too. It isn't hard. Just don't give money to people who will use it against you.

Second, we must train a corps of diplomats who are experts in particular areas. A man trained in China is not qualified for Paraguay, and a man who knows Paraguay will not necessarily understand Venezuela. We must train diplomats to expertness and understanding, and we must departmentalize our diplomatic corps.

Third, we must use the large body of American businessmen and technicians who live in Latin America and whose voices of warning have not been heeded in Washington. A committee of businessmen to advise

# It's a Red Letter Day!



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**STORES ORGANIZE  
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**GROCCERS ESTIMATE  
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A dozen customers helped  
hold him until police

**SHOPLIFTING GREW  
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**SHOPLIFTERS LIKE  
FANCY GOODS BEST  
IN IN**

## Here's a way to combat shoplifters

Place "see-thru" mirrors—L·O·F *Mirropane*®—in strategic locations for watching pilferers. To shoppers in the brightly lighted store, they look like ordinary, innocent mirrors. But a spotter standing in dim light behind *Mirropane* can see through it clearly to detect suspicious actions.

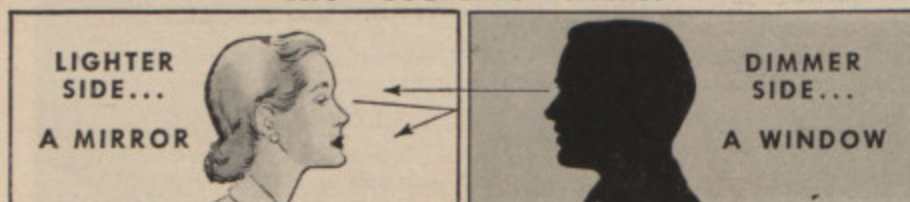
Not a new, untried idea, *Mirropane* has been used successfully in many grocery, drug and variety stores. In banks, too. In fact, wherever you need to see what is going on in an area without being seen, *Mirropane* may be the answer.

### NOW . . . A MIRROPANE PROTECTION PLAN

If shoplifting is eating away profits, it will pay you to find out all about the new *Mirropane* Protection Plan. It's simple, effective, low in cost. For full details, see your nearest L·O·F Glass Distributor or Dealer, listed under "Glass" in the yellow pages of phone books. Or write Liberty Mirror Division, Libbey-Owens-Ford Glass Company, LM-244, Nicholas Building, Toledo 3, Ohio. \*®

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The "See-Thru" Mirror



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**LIBBEY-OWENS-FORD GLASS COMPANY**  
**LM-244 NICHOLAS BLDG., TOLEDO 3, OHIO**

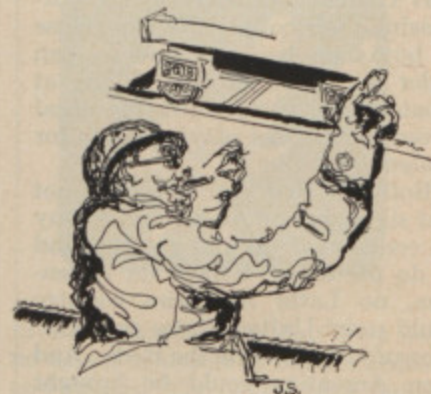
Washington, supplemented by local committees working with each embassy, would save great grief. They would help the United States play the role of friend and partner, which we so pathetically mess up today. It would be good to have a businessman with experience in Latin American affairs as head or deputy head of the Latin American division of the State Department.

Career men are often afraid to make a move which might get somebody sore.

Thus every American businessman in Latin America should be an "agent."

His experience and contacts should be used, if he cares to contribute them, and his advice should be carefully considered. I do not think I have ever met an American in Latin America who would not gladly cooperate.

We nearly embraced this kind of policy during World War II, when



our businessmen in Latin America were invaluable in the battle against the Nazis. By 1943 we got so tough with the Germans in Latin America that we earned the respect and cooperation of many of the local people who now despise us for our lack of policy and refusal to define ourselves. And we knocked the Nazis for a loop.

American businessmen know how to handle the Latins. They know how to sell them. There is proof of this in every corner of the hemisphere. I have bought Coca Cola (at a dollar a bottle, but it was there) in the remote vastness of the Brazilian jungle. I have seen Singer sewing machines in Indian huts. The women don't know how to sew by hand.

We can scare Latins with "BO" and halitosis, sell them toothpaste, mouthwash and deodorants. And if we took advantage of our talent and money, we could sell them on Uncle Sam. Even if it didn't work, at least we would not be giving our millions to people who will use them against us.

END



## Your Standards Are Set Here

(Continued from page 40)

ment which is considered more precise than the meter bar grew out of a modern twist to the old alchemist's dream of making gold out of mercury. By bombarding gold in an atomic pile, scientists were able to obtain a mercury isotope—known as Mercury 198.

This atom, sealed into a lamp, produces a green light on a frequency of precisely 1,831,249.21 wave lengths to the meter—and with this light it is possible to measure with an accuracy of one part in 100,000,000.

Mercury 198 lamps are being distributed to laboratories needing accuracy of this sort. This not only saves wear and tear on the Bureau's standard meter bar but promotes greater precision.

And if the standard bar ever gets mislaid or melted down for scrap, mankind will be able to establish the length of the meter by grabbing the nearest atom of Mercury 198 and counting off 1,831,249.21 of its wave lengths.

If it were not possible to make precision measurements—all calibrated against a single, accurate standard—mass production would not be possible.

The most familiar example, of course, is the piston and the cylinder. All the pistons an auto manufacturer turns out must fit all the cylinders for which they were designed. As tolerances grow finer, the allowable error grows smaller.

The instruments of length or angle measurement which our mass production industries use are checked frequently against the millions of gauge blocks in use everywhere. These gauge blocks—usually made of fine steel, with two opposite faces plane and parallel, are accurate within a few millionths of an inch. They are the same in Los Angeles as in Detroit—because all have been checked against master gauge blocks which, in turn, are calibrated regularly with the standard blocks at the Bureau.

In calibrating a gauge block recently by optic methods, someone at the Bureau neglected to count a fringe line and made an error which amounted to ten parts in 1,000,000. The error—quickly detected—so perturbed scientists in this division that they are unable even to talk about it. The Bureau guarantees accuracy of its length measurements down to 0.0000006 of an inch.

Physicists at the Bureau have been



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rummaging around lately in their collection of atoms, looking for certain kinds of protons and electrons which can be used to establish new atomic standards of weight. Until they find them, the Bureau will continue to use the spotless prototype kilogram as the standard of mass. This kilogram has been divided—on the scales—to produce precision weights down to a hardly visible 1/20 milligram, and has been multiplied to fabricate tremendous dead-weights totaling 110,000 pounds.

Against these standard weights are calibrated all scales made in this country—the pharmacists', which weigh tiny grains, as well as the railroads', which weigh 100 ton loads. Bureau scientists were thrown for a loss recently when an ambitious inventor asked them to test an ingenious gimmick which could be fitted unobtrusively on butcher's scales to make the balance tilt on the heavy side, for selling—and on the light side, for buying.

The Bureau's standard weights are used—in much the same way as the standard gauge blocks—to test the strength of every bridge, girder, road and vehicle built in this country.

The strength of all structural materials is determined by subjecting them to known pressures, delivered by powerful testing machines. To establish the accuracy of these testing machines, industry uses testing rings. Placed in a testing machine, one of these rings will bend a precise distance when any given pressure is applied. The Bureau can measure the deflection caused by anything from the weight of an insect to 12,000,000 pounds.

To check the accuracy of railroad scales, the Bureau operates two ghost cars which shuttle ceaselessly around the country. Back in 1914, when the Bureau was first asked to calibrate railroad scales, it found the widest sort of variance. The first time around, the Bureau's test car picked up what must be the most colossal short weight in history: They found a scale that was off by 20,000 pounds.

For the Bureau's biggest weighing job no scales were needed. Using only a couple of small platinum balls and steel cylinders—and a mathematical formula that covers several printed pages, the Bureau computed the pull of gravity and, from this, deduced the weight of the earth.

It weighs 6,000,000,000,000,000,000,000 tons. At least, it did that day.

From the three basic standards of time, length and mass are derived all the other measurements upon which we depend to calculate everything from temperature and speed to radiation and power.

For example, the basic units of electricity—the ampere, the ohm and the volt—are derived from the basic measurements of length, mass and time. Our entire electrical industry depends upon the Bureau for the exact determination of a volt or an ohm. The Bureau's standard cells, which produce exact voltages, and its one-ohm resistors, are accepted universally as standards of accuracy.

Every watt-hour meter used to measure the billions of dollars' worth of electricity sold annually in the United States is calibrated against the standard meter at the Bureau. Industry does this voluntarily.

Meters more often run slow than fast and it doesn't take a mathematical genius to figure out that even a one per cent loss on our national electric bill would amount to a tidy sum.

The Bureau gets a steady flow of letters from citizens who claim that their meters are running too fast. Generally, someone at the Bureau writes back to suggest that the citizen check around in the attic and basement for lights left on before taking the matter up with the local utility commission.



Objects which form the basis for standard measurements of length and mass are kept in a vault to which only one man, Dr. L. V. Judson, is permitted access

Occasionally, a letter comes back saying, "Thanks—but how did you know we'd left a light burning in the guest room closet?"

The Bureau was once called upon to umpire a dispute between two utility companies. One had been buying power from the other. Both measured the power—but their meters didn't seem to match. The purchasing company received a bill for sev-



# SMALL BUSINESS: America's Biggest Business

The economic health of our 4,000,000 small businesses—96 per cent of all business—guides our prosperity and freedom. Basically resourceful and sound, small business also has problems. Here are its strengths, weaknesses and prospects

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## A MANUFACTURER INTERVIEWS WENDELL B. BARNES, HEAD OF U. S. SMALL BUSINESS ADMINISTRATION



*Mr. Barnes practiced law and operated small businesses in Oklahoma before joining SBA*



*A. C. Grant heads the Atlantic Manufacturing Company of Hamburg, Pa. His firm, founded in '46, assembles generator sets*

**Mr. Grant:** *Mr. Barnes, will you tell me exactly what the Small Business Administration is?*

**Mr. Barnes:** It is an independent agency created under the Small Business Act of 1953. The law was passed in late July.

Purpose of the agency is described in the preamble to the act, which says the essence of the American economic system of private enterprise is free competition. The preservation and expansion of such competition is basic not only to the economic well-being but to the security of this nation. It is the declared policy of the

Congress that the government should aid, counsel, assist, and protect, insofar as is possible, the interest of small business concerns in order to preserve free competitive enterprise and to insure that a fair proportion of the total purchases and contracts for supplies and services for the government be placed with small business enterprises.

The agency is small, as government agencies go. We have about 500 employees. Roughly a third are in the Washington office.

**Mr. Grant:** *How do you define small business?*

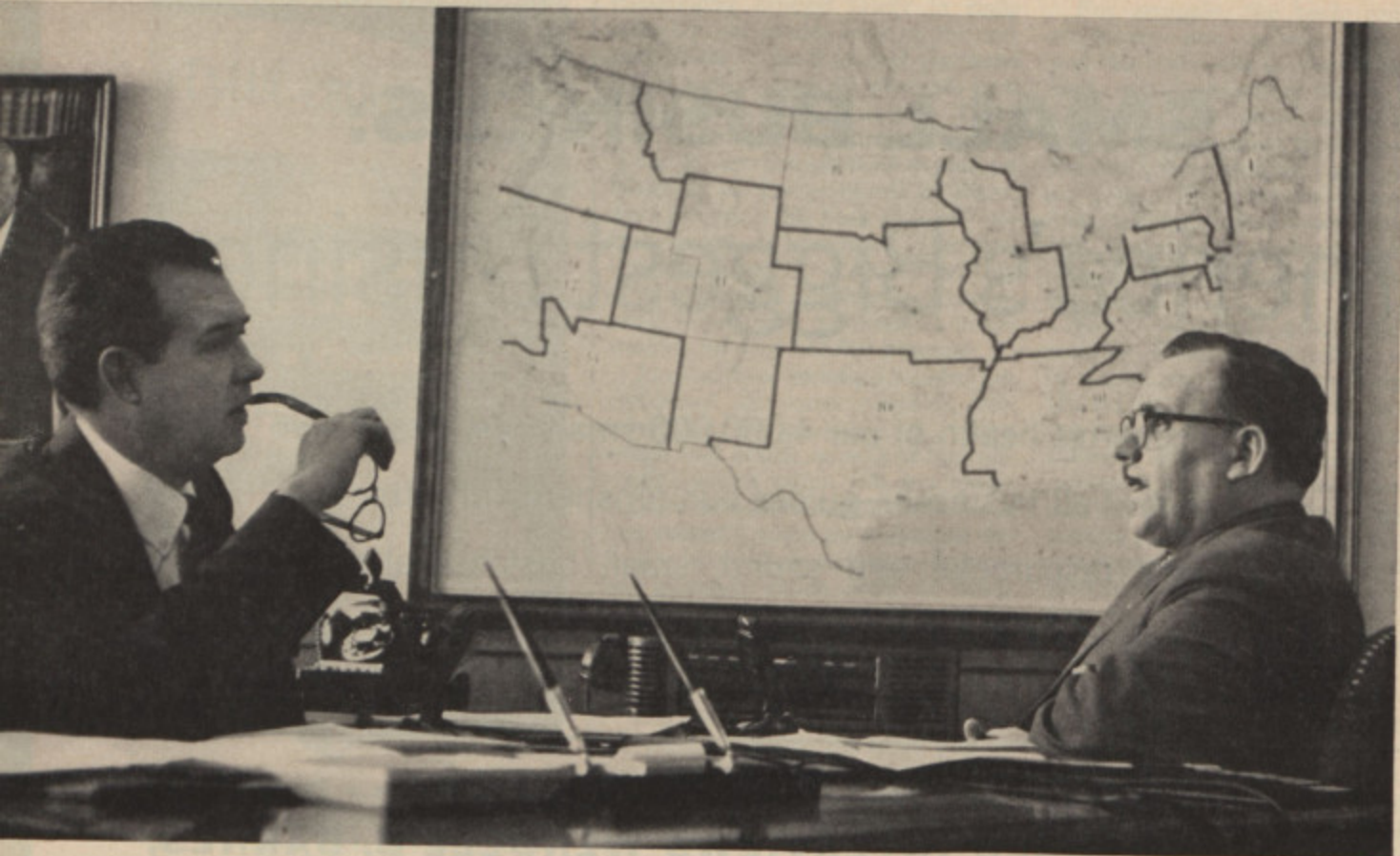
**Mr. Barnes:** Generally speaking a small business is one that is independently owned and does not dominate in its field. We use a definition that says that any business that has fewer than 100 employees is small and one that has more than 1,000 is large.

In between those limits we use different categories depending on actual statistical studies we have made based on census data.

If a company does not dominate a field, we feel free to go beyond the definition.

With regard to procurement assistance, we are using the same cri-





teria as the armed services—that is, any firm is regarded as small that has 500 or fewer employees, including affiliates.

**Mr. Grant:** *Mr. Barnes, as Small Business Administrator who are your immediate superiors?*

**Mr. Barnes:** This is an independent agency. My immediate superior is the White House. We have a Loan Policy Board, composed of the Secretary of the Treasury, Secretary of Commerce, and myself as chairman. That board, however, makes policies only in connection with our lending activities. It has nothing to do with our other activities.

**Mr. Grant:** *Specifically what is it you do to help small companies?*

**Mr. Barnes:** Our aim is to provide help in three areas that are of major concern to small operators: One, of course, is to help obtain a fair share of government contracts; two, we assist in getting adequate capital and credit; also, we help in obtaining competent management, technical and production counsel.

Let's stick first to the subject of government contracts. In addition to helping small firms get direct government contracts, we can help them get subcontracts from other prime contractors.

From Aug. 1, 1953, to Mar. 1, 1954, SBA field personnel made

1,368 visits to prime contractors and received 3,084 requests from them for small subcontractors. We made 2,283 visits to small firms to obtain first-hand information on equipment capable of doing specified subcontract work, and 5,626 referrals of small businessmen to holders of prime contracts.

**Mr. Grant:** *I notice one thing; you said you made calls to small businesses. Couldn't a small businessman help himself if he would register his facilities with the local SBA office?*

**Mr. Barnes:** Absolutely. We maintain a record of firms which desire either contracts or subcontracts from the government prime contractors. Those firms are classified and indexed so it is easy to find who they are, what machinery and equipment they have and the special services they can offer. It is to the advantage of each businessman to come to our nearest field office and record there the information about his business that will cause these referrals to come to him.

**Mr. Grant:** *Do you have a complete list of small businesses or have you just started to compile the list?*

**Mr. Barnes:** It's not a complete list by any means. I suppose it would cover roughly ten per cent of the businesses of the country that would

be classified as small manufacturers. But it is the start of what could be a nationwide survey and inventory of businesses.

**Mr. Grant:** *When different government agencies are considering a program they usually call in big business. Does anyone from your office attend these meetings to know what's going on so small business can keep abreast of things? Or do we have to take just what's left over?*

**Mr. Barnes:** Many government agencies ask us to sit in on the decisions as they affect small business. We have representation on practically all of the inter-agency and industry committees set up by such other departments as the Department of Commerce, the Office of Defense Mobilization. . . .

**Mr. Grant:** *Mr. Barnes, I'd like to interrupt a minute. You say 'as they affect small business.' Isn't it true that many times things that affect big business will also affect small business? Recently I heard a news program which said tax considerations are given to certain critical businesses to expand their facilities. They can write their equipment off in a short time. Do you think that special tax consideration was given to big business before it was determined if small business had the needed facilities?*



**Mr. Barnes:** The tax amortization plan embodies certain mobilization goals. Those have been carefully thought out and we have a representative who sits in on decisions on those matters. As a matter of fact, almost daily we represent small businessmen who are taking part in that program and it may be that there are instances where tax amortizations are granted to large companies while our small businesses are available. But I don't know of any off-hand and we try to watch that carefully.

**Mr. Grant:** *We built an addition to our facilities when we got a government contract so that we would not jeopardize our commercial and export business. We spent quite a bit of money. Aren't we eligible for tax amortization on the contract, inasmuch as nothing is being put through the new building except government work?*

**Mr. Barnes:** You are if you come within the limitations of the program. I am not prepared to say off-hand whether you do or not. There are certain goals, as you know, and you have to fit within those. Have you applied for tax amortization?

**Mr. Grant:** *No, we haven't.*

**Mr. Barnes:** I'll be glad to have someone look into it with you.

I know that you as well as most other small businessmen must have been pleased to hear the President's recommendation to Congress. He touched on the subject that comes number one in the order of importance to the owners of most small businesses, and that is: the effect of tax laws on your business. This involves the amount of your earnings which you are able to retain for future growth and expansion.

We feel that the President's proposal, if acted upon favorably by Congress, will provide a stimulant to you and others. Isn't that your feeling?

**Mr. Grant:** *Yes. Very much so.*

**Mr. Barnes:** Mr. Grant, we talked a moment ago about government contracts. I'd like to tell you how the action of this agency benefits the taxpayer, as well as the small businessman and his employees. In one case, the taxpayers were saved \$1,300 when a certificate of competency, which we helped the operator get, led to acceptance of the low bid made by a small business concern.

**Mr. Grant:** *You spoke of 'certificate of competency.' What is that, Mr. Barnes? And what is the procedure for getting one?*

**Mr. Barnes:** Being low bidder on a government contract is not always enough. A government contracting

officer can question the ability—technical and financial—of a company to fulfill a contract it seeks. In such a case the contract might go to a higher bidder.

It's our intent to save government money whenever possible. So upon application by a company whose ability to fulfill a contract has been questioned, we have specialists analyze the applicant's plant, equipment and financial situation. On the basis of these findings a certificate of competency can be issued.

Since last Aug. 1 certificates of competency have resulted in government savings of more than \$77,000.

In one example, wherein \$1,300 was saved, the Army Ordnance contracting officer was about to disqualify the company.

The small businessman applied to SBA for a certificate of competency. In the meantime, the contracting officer delayed making the award, pending investigation. An industrial specialist of SBA's Philadelphia regional office visited the company, along with a financial specialist, to determine productive and financial capabilities.

After review by SBA's regional director in Philadelphia, the specialists' reports were forwarded to Washington along with the regional director's recommendations. We decided that the company did have the productive and financial resources to complete the contract. A certificate of competency was granted and the small firm was awarded the contract.

As a result, the firm and its 20 employees received approximately \$82,000 of government business, and the government was saved some money. We think that's something the taxpayers are interested in.

**Mr. Grant:** *It certainly is.*

**Mr. Barnes:** I think you might be interested in some other types of inquiries that come to us.

**Mr. Grant:** *Yes. I'd like to hear about them.*

**Mr. Barnes:** We are called on for all types of service. In general we try to act as the representative of small business on all matters pertaining to the government.

We get requests for help in financial matters, government procurement, rapid tax amortization, help in getting scarce materials, locating machine tools—all types of problems.

We frequently find that we can be of most help by not giving an actual loan. For instance, here's the case of a World War II veteran, a veterinarian, who had established a successful practice after the war. He built and equipped a veterinary hospital in 1952, obtaining a mortgage on the real estate and buying consid-

erable equipment on instalments. His earnings enabled him to meet his fixed obligations until he was recalled to the service in 1953. Although the hospital was leased to another operator, total income was reduced to a point which strained the owner's ability to continue monthly instalments and also retire the accounts payable. He therefore sought an SBA loan to consolidate all his debts.

Upon exploring the details of the indebtedness we arranged with the local mortgagee of the real property for a moratorium on the mortgage payments. Also all the obligations on the equipment were consolidated, with our assistance, into a bank loan, which is within the veteran's ability to repay. In this case we gave badly needed help—at no cost to the government. The example is repeated many times in various ways.

For instance, from my home town of Tulsa, Okla., an acquaintance—a young man—came to see me. He was manufacturing rural fire engines. A number of farmers in an area could buy one of these trucks and thus not only provide safety for their property but also get reduced fire insurance rates.

He had developed his business to the point where he needed additional capital. He wanted a loan. However, we're working with the banks of the country; we're not competing with them. We believe that we should act only when local credit is not available. In his case I was able to refer him to a bank which was pleased to make the loan. When last heard from he was expanding his business and, I hope, selling more rural fire trucks.

**Mr. Grant:** *Talking about loans, do you use only government funds in making money available to small businesses?*

**Mr. Barnes:** The funds that we ourselves lend are government funds. But we also participate with banks which in turn use their funds for part of the loans. At present most of our loans are of that type.

The figure, as of Mar. 1, was 37 direct SBA loans approved totaling about \$2,200,000, and 46 bank-SBA participation loans approved, totaling about \$3,430,000. The average size loan has been \$66,500.

The money we use was appropriated by Congress and placed in a revolving fund in the Treasury. When we use any of those funds we are required to pay interest to the government, and the interest we charge on loans offsets the interest that we pay.

The revolving fund, of course, is not depleted. The money all comes back, and is available again for lend-



ing. The interest charged, it is hoped, will offset any losses. I want to emphasize that the lending function of this agency is only one third of our activities.

**Mr. Grant:** *I imagine that your regional offices have to deal with some pretty unusual cases sometimes.*

**Mr. Barnes:** That's right. We frequently confer with people whom we do not feel qualify or need or deserve our help. Here's a letter we recently received. I don't mean to make light of this man's suggestion. But I do feel that it is amusing enough so that he would not mind if I told you about it:

"Gentlemen:

"I have been told that there is good money to be made in conducting and managing the so-called lonesome heart clubs and other organizations of this kind, and there are some points I should like to clear up.

"First, do you have information—in bulletin form or printed literature—pertaining to this endeavor; second, must one be licensed; third, what cooperation with the Post Office is required, if any?

"I would appreciate receiving any information and help that you can give me in this matter."

This one stumped us. We finally

ing the Korean war period. Between 300,000 and 400,000 firms were eligible for assistance. SDPA could not make loans, but was limited to recommending them.

We differ because no such limitation is placed on our activity. We are able to help or to represent all the small business concerns in the country. Some 4,000,000 units fall into a classification of small business.

As for the RFC, we are limited in our loans under the present law to \$150,000 maximum for any one borrower. The RFC had no such limitation. We may participate with other lending institutions, such as banks, in loans greater than \$150,000, but our share may not exceed that amount.

**Mr. Grant:** *What is the limitation on the amount of money you have to lend?*

**Mr. Barnes:** Congress appropriated \$55,000,000 for the revolving fund. We have earmarked \$5,000,000 of that for disaster loans.

**Mr. Grant:** *I've never used the loan facilities of SBA but it's always nice to know where you can get money if you can qualify for it.*

**Mr. Barnes:** Of course in many instances we help a businessman get a loan and no government funds are involved at all. For instance, one small company was unable to get a bank loan because of \$25,000 in outstanding notes. Our financial advisers showed the proprietor how he could issue company stock in place of notes. The company thereupon was able to obtain its bank loan without further difficulty.

**Mr. Grant:** *Are the men in your regional offices highly specialized? For example, if I go into an office with a finance problem do they have specialists in that?*

**Mr. Barnes:** Yes, we have financial specialists in all our regional offices. Our men have been selected for qualities that will enable them to bring the maximum amount of service to businessmen. These men have all had business experience. Their assignments are to work in their particular fields. But most of them are equipped to deal with various problems even outside those fields.

**Mr. Grant:** *What are some of the backgrounds, for example?*

**Mr. Barnes:** Don I. Williams, regional director in Cleveland, was formerly general sales manager of a match manufacturing company, advancing through the ranks to the top sales position. C. I. Moyer, regional director in Kansas City, has been a Kansas banker. He's also a law graduate. He was chairman of the board of the Douglas County State

Bank, Lawrence, Kans., and a trustee and chairman of the finance committee of Kiwanis International.

**Mr. Grant:** *You're talking about the regional directors, Mr. Barnes. But when I go into the office in Philadelphia I find a whole office full of men. I may not even talk with the regional director. To the businessman seeking information or advice, it's important that these other men—the men he actually deals with—be highly qualified too.*

**Mr. Barnes:** Of course it is. And we have men there who by their own experience can reassure you that you're talking with businessmen who know your problems.

Our regional director in Philadelphia is William H. Harman, a former vice president of a locomotive works.

He was also president of a machine tool manufacturing firm and an engineering consultant. He is well known among businessmen in the Philadelphia area.

In his office are men like Joseph Dellert, associate regional director, who has had wide experience with other government agencies and has been an industrial specialist. In addition he has held many responsible engineering jobs with private indus-



decided that the business of lonely hearts was so widespread that we'd better classify it as big business.

Fortunately very little of the time of our employees has to be taken up with such trivial matters. Our task is to help businessmen in the ways I've told you about and that's what we try to do.

**Mr. Grant:** *How does SBA differ from the Reconstruction Finance Corporation and the Small Defense Plants Administration?*

**Mr. Barnes:** The Small Defense Plants Administration was created to help primarily those concerns that were engaged in defense work dur-

try. He is a graduate electrical engineer. Earl R. Smith is production specialist in the Philadelphia regional office. In private industry he has been management engineer and a superintendent of production. He studied engineering and management at the University of Minnesota. George A. Wilson is an expert in lending procedures. Rayson E. Roche is financial specialist. He has had long service with private banking organizations.

There are plenty of others, all of whom have had the right kind of experience and training to qualify them for the jobs they've been assigned. This, I think, will serve as



good example of the kind of men who staff our offices.

**Mr. Grant:** *Mr. Barnes, when a businessman is interested in getting help, does he have to go through anyone else or can he come directly to an SBA office?*

**Mr. Barnes:** He absolutely does not have to go through anyone else. This agency is set up to deal with businessmen and I can't emphasize too strongly that we do not intend to tolerate any influence peddlers. That's why we established offices near their homes—so they could come in and talk with us directly, or write to us and we'll answer directly. We have no influence for sale.

**Mr. Grant:** *As a small businessman, it's certainly gratifying to know your feelings in this matter. Mr. Barnes, you mentioned loan applications. Last fall I attended a congressional hearing, and the length of time it took to get a loan was brought out. Actually the field office can make a loan in a very short time, can't it? Or does it have to come to Washington for approval?*

**Mr. Barnes:** Certain types of loans—disaster loans, for example—the field offices are set up to handle at that level. These involve small sums. However, the other type loans, the applications having first been processed, come to Washington for final approval.

**Mr. Grant:** *The application has to go through the regional office first?*

**Mr. Barnes:** It does. That is, a regional office or a branch office. Then we have loan examiners here who review material collected in the field. That is an essential procedure because there must be compliance with laws and loan policies. It is not a time-consuming operation. It's a matter of a few days before a loan has been acted upon by the loan examiner in Washington and then by an impartial loan-review committee. Next the loan-review committee recommends to the administrator the action to be taken.

The loan-review committee is careful to determine first that the applicant has gone to his own bank and to private sources of money; second, it must be determined whether the bank is willing to participate in a loan with us. Only if all that fails do we consider making the loan ourselves.

**Mr. Grant:** *Pardon me, Mr. Barnes. Are you talking about a short-term loan or a long-term loan, or both?*

**Mr. Barnes:** Both. However, it's when you get into the longer term loans that businessmen need outside help.

**Mr. Grant:** *What steps must a businessman take to get a loan from you?*

**Mr. Barnes:** He need only provide us with facts on which we can base judgment as to whether the loan is sound.

**Mr. Grant:** *Can't a person save time by writing to a regional office first?*

**Mr. Barnes:** Yes. In fact, he can start with his own local bank. Most of the banks have information re-

tials of a sound lending program.

**Mr. Grant:** *I think the loan program is a good one. One of the toughest problems of the small businessman is financial growing pains. He can have a good business but he can't get the money to operate it. I think your feeling is the same as mine—that is, that small business is the backbone of America.*

SMALL BUSINESS ADMINISTRATION has 32 field offices.

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CLEVELAND, O. 1783 E. Eleventh St.	MINNEAPOLIS, MINN. 220 Minnesota Federal Bldg.	SEATTLE, WASH. 905 Second Ave.
DALLAS, TEX. 1114 Commerce St.		

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BUFFALO, N. Y. USPO Bldg. 121 Ellicott St.	HOUSTON, TEX. Federal Office Bldg. Fannin and Franklin Sts.	OMAHA, NEB. Federal Office Bldg. 15th and Dodge Sts.
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		ST. LOUIS, MO. New Federal Bldg. 1114 Market St.

garding our loans and he can find out about an SBA loan right in his own town.

He should go to his bank and discuss the credit he needs and try to obtain the loan there. If the bank is unable to advance the credit, he should inquire if the bank would participate in a loan with us. Finally he should assemble information that a borrower has to provide to any lender. If he has all that information and brings it to our field office he can get a rapid answer.

Most of the time consumed in our loan program is taken up by the borrower himself in assembling the credit data necessary to support the loan he seeks.

We have done everything we can to streamline procedure. And as our people work longer under our procedures, we feel that we can take additional shortcuts with safety. We're trying to eliminate red tape and at the same time preserve all the essen-

**Mr. Barnes:** Well, I'd like to say this: We're not fighting big business. We are representing small business and helping to build up small business. In many cases we can count on big business to assist us in bringing additional help and support for small business. For instance, in subcontracting, big business can do much to spread the work among small contractors. And many managers of big business establishments realize and understand that success depends on the number of small firms—that is, reliable, able small firms—with which they can associate and with whom they can deal to get supplies and materials.

A good example was shown during the war when a few of the major aircraft companies—five or six of them—were able to produce aircraft at the rate of 100,000 a year. An unheard of, undreamed of figure! Anyone who knows anything about it at all understands, and certainly those



companies would be the first to say, it wasn't those five or six companies by themselves that did the job. It was the 7,000 subcontractors and suppliers who provided materials and parts that went into the final assembly.

I'm sure that in your own business



you use suppliers in producing your final product. And I'm sure that you'd say it's the excellence of your suppliers that contributes to the success you have had in your business.

**Mr. Grant:** *That's right. Now I'd like to ask what consideration will SBA give to small business operating in areas of labor surplus?*

**Mr. Barnes:** We have been studying the problem of labor surplus areas and realize the importance of this general subject, which is a situation that has occurred, we feel, by reason of the end of the Korean war.

With the ending of the war and the ending of an inflationary spiral—a condition that had existed for a number of years—the purchasing and procurement plans of the Defense Department have been readjusted. This period of readjustment, we feel, is temporary.

Nonetheless, there is a problem and we've got to recognize it. We're not going to put our heads in the sand. We're going to find what can be done about it. In most cases the businessman will, by his own ingenuity, find the fields and the activities that will restore the business balance and revitalize his business.

Of course, there are many favorable aspects in the picture. The largest baby crop in history is going to produce more purchasers for practically all types of goods, services and materials.

To the alert businessman and alert advertiser, here is a ready-made market—if he can find out what this new large segment of the population will buy. It might be all-day suckers or marbles at present. But next year

it will be bobby-sox; and the year after, perhaps scooters and sports roadsters. There is ample opportunity for the man who is able to recognize and seize opportunities.

But the areas of stress and strain are the ones in which the larger activities have ceased or where economic changes have taken place. We can't, for instance, revitalize an industry that has priced itself out of existence. That's not a government function. We can't take action to stave off business failure where a man has been unwise in his investment and in the activities which he has selected for his factory or shop.

We can have information available as to what other people in other areas have found to be good investments and good activities. In specific labor areas these are some of the things we have done:

In a bulletin to all SBA field representatives, I have reemphasized the importance of the SBA program of making available information on defense contracts and thereby increasing the number of defense contracts placed in labor surplus areas, and pledge support of SBA to small firms seeking tax write-offs for defense plants located in labor surplus areas.

I have ordered specifically that:

1. Priority be given to applications for loans from small business in critical areas.
2. SBA stand ready to advise and counsel small business concerns that file for rapid tax amortization benefits.

I have also ordered SBA representatives in the various procurement centers of the armed services to make available to the regional and branch offices of SBA bid sets, prints, and specifications when available, on all procurement under joint determination as well as all other procurement opportunities that can be produced in labor surplus areas.

Beyond that, we can encourage factories in labor surplus areas to get their names on government bidders' lists so that they may receive information on contract opportunities.

We can, if need be, send our production specialists in to look over their plants and see if we can make suggestions that would make their operation more economic and profitable.

**Mr. Grant:** *You just spoke of procurement under joint determination. What do you mean by that?*

**Mr. Barnes:** Joint determination is our name for action we take, jointly with the military or other government purchasing agency, to earmark certain proposed procurements exclusively for small business.

Here is the way this program works: We have procurement specialists in the major purchasing offices of the military. There, in cooperation with the military procurement specialists, proposed procurements are screened. We attempt to get all or a part of those found suit-



able for award to small firms earmarked exclusively for competition among small firms under our joint determination program. So far we have earmarked about \$143,000,000 worth of contracts for small business.

We sometimes go much farther than that to help a small firm get a government contract. It sometimes happens that the small firm is low bidder, but the procurement official raises a question as to his competency. In such cases we can issue the certificate of competency we spoke of earlier.

We're working on something else that will interest you too. We're making management extension courses available through the cooperation of colleges and universities.

Our thinking behind this is that out of the 306,000 businesses which go out of existence in this country every year, roughly 40 per cent fail or cease to exist because of lack of managerial ability, and failure to make proper decisions. Many of those business units could be saved.

Therefore, we have been working with colleges and universities, many of whom are already in this field, to bring extension courses to the businessman's home town so that he can have a current review of the subjects that are of importance to him.

**Mr. Grant:** *Mr. Barnes, it's been a pleasure to talk with you here in Washington. Stop in at Hamburg and see us, won't you?*

**Mr. Barnes:** Thank you for coming, Mr. Grant. I hope that you'll come to see me again and call on us if we can ever be of further assistance to you in your business. **END**



# SMALL BUSINESS: What it is

STANDARDS for defining small business can be as elusive as flights of mallards over a misty marsh. No scientific standards exist. However, there are some serviceable definitions.

The U. S. Department of Commerce coined one of them three years ago when, after studying 452 industries, it concluded that—in manufacturing—number of employees is the most reliable test of size. It decided that any company with 100 employees or fewer was small, and any with 2,500 was large. It added that, in liquors and electrical appliances, for example, a firm with 1,000 employees is small.

This definition has some deficiencies. A steel company, for example, with one per cent of the country's steel capacity shows assets of \$157,000,000 and a payroll of 16,500 workers. An automobile maker with around four per cent of total car sales is capitalized at \$195,000,000 and employs 27,000 workers. In their own industries, both these corporations are small business. They would be immense in apparel, brick, cutlery, dental supplies and on down the list from machine tools to textiles and woodworking.

Obviously a more precise measurement was needed and, in the Small Business Act of 1953, Congress tried to provide it: "... a small business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operations."

The Pentagon, in awarding defense contracts, observes this definition but augments it by setting 500 or fewer employees as an additional dividing line between small and large.

The Small Business Administration also uses the 500 employee figure in its efforts to help small manufacturing plants obtain defense contracts and to determine whether or not a concern is eligible for a loan.

For all other purposes, however, SBA defines a manufacturing concern as small if it has 100 or fewer employees and large if it has 1,000 or more. Plants with average employment between these figures are either small or large depending on the nature of the industry involved and its employment pattern. Hence establishments with 250 or fewer employees are small in textile bags, canning and preserving (except fish), pickles and sauces, wood office furniture, scientific instruments, lead pencils and crayons. Organizations with 500 or fewer employees are small in explosives, salt, storage batteries, insulated wire and cable, watches and clocks, footwear (except rubber), and machine tools. Companies with 1,000 or fewer are considered small in medicinal chemicals, soap and glycerin, motors and generators, radios and related products and photographic equipment.

Since, in some manufacturing lines, employment fluctuates in the course of a year, SBA's measurements of size also take into account a concern's average employment for the preceding year.

Except in manufacturing—and nearly all mining—annual sales volume is the most dependable measure of size. In wholesale trade, for example, economists have long agreed that a volume of \$2,000,000 a year or below stamps a firm as small. SBA from the first adopted this as one standard of small size. It did not

suffice, however, to cover all wholesale trade. The SBA soon found that it had also to regard as small any establishment with annual sales of \$5,000,000 or below in coal and coke (yards), coffee, tea, spices, cotton, general lines in drugs, groceries, hardware, electrical and dry goods, farm-dairy machinery and equipment, electrical appliances and equipment, general merchandise, grain, meat and meat products, nonferrous metals and metal work, piece goods, converters, household refrigerator equipment, tires and tubes, tobacco leaf and mohair wool.

Where a wholesale enterprise also engages in manufacturing, it cannot be designated as small unless, in both sides of its activity, it conforms to SBA definitions.

In retail and service trades, the SBA defines as small, companies whose sales total \$300,000 or less—except for lumber yards and dealers in farm equipment and building materials. For them the figure is \$500,000, or less. For department stores and dealers in new and used motor vehicles, the dividing line is \$1,000,000.

Although these figures in sales volume and employment serve as useful guides to the SBA and other U. S. agencies when it comes to government relations with small business, they do not cover all the gradations of smallness in the retail field.

The National Retail Dry Goods Association, for example, has 7,000 members, 2,000 of them—comprising the topmost layer among U. S. department store and specialty shops—with annual sales per unit ranging from \$2,000,000 to \$20,000,000 and in a few instances even to \$200,000,000. The association's other 5,000 members, even though classified in its smaller stores division, form the next to the highest bracket in U. S. retailing with the yearly gross per establishment ranging from \$150,000 to \$2,000,000.

Actually, for an estimated two thirds of U. S. retail merchants, annual average sales run below \$55,000. This is also the ceiling for about 70 per cent of the firms in the service category: eating and drinking places, laundries, barber and repair shops, and so on.

Adding to all these complications is the fact that every section has some operation which is big by regional or local standards even if, nationally, it is toward the bottom of the scale.

Hence any answer to the question "what is small business?" must include, in addition to the usual yardsticks, such other characteristics as these:

The typical small business is independently controlled. It is both job and investment for its principals. Its funds come from the proprietor or partners, often with help from relatives or friends. In two thirds of all American business started with an original investment of less than \$50,000, the money comes from the owner's personal savings.

For its financing, small business depends primarily upon commercial and bank credit. Its growth results from plow-back of earnings. It has direct contacts between owner, employees, customers. It has close ties with the community, its churches, schools, and other organizations, economic, civic, social, fraternal, cultural. Its market tends to be limited in geographic scope.



# 2

## SMALL BUSINESS: its problems

AN ANALYSIS of small business problems faces the danger of overemphasis. Problems usually are identified only as they reach proportions which prompt the man who faces them to complain. Thousands of businessmen continue day after day facing problems, solving them as a matter of course, and proceeding to the next job at hand.

Even those who are hurt today, once they get help, will not complain tomorrow. Nor does any businessman constantly face and find insurmountable all the problems listed here.

However, research shows that the problems which affect small business most frequently and seriously are primarily three: The need for better skills; the need for money; the need for tax relief.

Big business has elevated the function of management to the status of the learned professions. Like law or medicine this requires a great deal of training both for and on the job. It also requires a high degree of specialization.

This is probably one reason why recent graduates of business training schools have expressed increasing interest in making connections with large companies.

Small business demands even more training than big business—but of a different sort. Required here are general, rather than specific, skills. The small businessman must be versatile. He may, for example, have to prepare a sales campaign, hire a foreman, repair a machine, pack a rush order, assist the bookkeeper with the annual audit, soothe a dissatisfied customer, negotiate with the union or the bank—all tasks which specialized personnel handles for big business.

This does not mean that the small business executive is expected to become a universal genius and stump the experts in every field. It does mean that, unless he acquires a working knowledge in the fundamentals of modern management, whether in quality control or record-keeping or store layout, he puts himself at a disadvantage.

Unlike the big business, the small concern can seldom call on outside experts to meet an immediate but temporary need.

However, the alert small operator does not have to operate by intuition or cut-and-try methods. The country abounds in how-to manuals and books on every phase of management. Many of them provide standard tests against which the businessman can measure his own performance. Even when such volumes are written with the big company in mind, they have value since the small firm must cope with essentially the same problems. The difference is in degree, not in kind.

Help will be found in the publications of the United States Chamber of Commerce, the 4,000 local chambers of commerce, the 12,000 trade associations, and other organizations. The handbooks and studies of the Small Business Administration, the U. S. Department of Commerce, the articles in trade and technical

journals and business magazines are also rich sources of helpful information.

Or, if he prefers the spoken to the written word, he may seek—and obtain—help from his local chamber of commerce, his trade association and his suppliers.

Just how generally the small businessman takes advantage of these opportunities for instruction is another matter. A survey of small businessmen conducted in the mid-1940's revealed that only one out of 12 mentioned the possibility of his own shortcomings as a factor handicapping his company's progress; and, when colleges and universities set up special extension courses tailored to the requirements of small businessmen, they found that the businessman frequently enrolled a subordinate in the course but did not take it himself.

Indications that this attitude is changing today are encouraging the Small Business Administration in cooperation with various educational institutions to set up new courses for small businessmen.

The fact remains that the necessity of being if not expert at least adept in many complex fields may be the number one small business problem.

Serious, too, is the problem of money.

Despite the liberalization of credit policies the past quarter of a century as banks, insurance and finance companies have gone beyond accounts receivable to loans on warehouse receipts and customer instalment pledges, the small business man often has trouble in borrowing for a year or more. Unlike big business

### SMALL BUSINESS PROBLEMS

- 1 Need for better skills
- 2 Need for money
- 3 Need for tax relief

which can readily tap public investment funds, small business must rely basically on its credit when it needs money, and loans on this basis are usually for short terms.

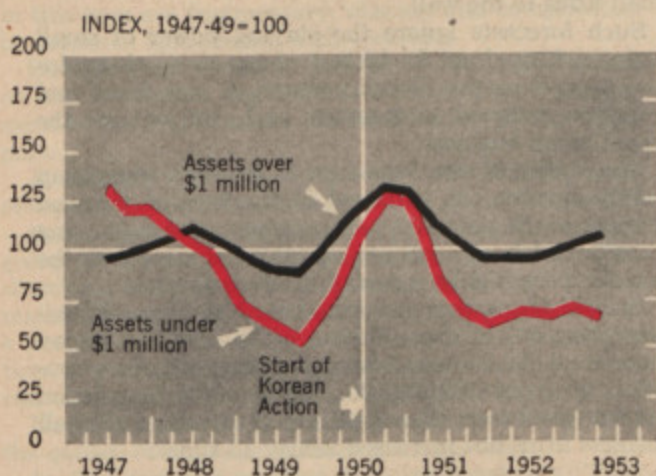
This explains why the Small Business Administration can expect to be besieged by requests for long term loans; why there has been such an upsurge of interest in regional financing groups typified by the Development Credit Corporation of Maine. This is,



in essence, a credit pool with a stock of some \$600,000 subscribed to by 39 banks, trust and insurance companies as well as by individuals. Some 14 months after its formation it had granted loans to 20 small business undertakings, employing from three to 525 people, and including textile, shoe, food processing plants, machine shops and a maker of baseball bats. It also provides production and marketing guidance as do most of the 60 odd similar organizations around the country.

However, even when private and public lending agencies grant loans for working capital up to ten years, these are no genuine substitute for equity capital, notably the outside investment of savings in business enterprise. Obtaining this kind of money is a real problem for small business. The depression did much to impair the traditional American willingness to risk. Private investors, for a whole generation, have been searching for safety through big name stocks and government bonds. High taxes from 1940 forward have

## EARNINGS AFTER TAXES LARGE AND SMALL MANUFACTURERS



*Small corporation earnings, the major source of growth capital, are back almost to where they were before Korea*

drastically depleted the amount of venture capital nationally available, some of which could have gravitated toward small business. Hence, when small business attempts to attract outside investment, it faces severe handicaps. To begin with, it is comparatively obscure; as a small business, even though it may be 25 years old, its future is usually held to be at best uncertain and at worst hazardous. It generally requires sums up to \$500,000.

But the major investment houses regard as unprofitable the handling of any security issue less than \$2,000,000 although a few will, upon occasion, take on a \$1,000,000 offering.

To be sure, if a small firm today seeks to float a security issue not exceeding \$300,000, it has only to file the appropriate papers, including a financial statement, with the SEC under short-form Regulation A and wait some ten business days for the SEC to inspect and clear. The firm is therefore exempt from the more legalistic, and complicated process of SEC registration for amounts above \$300,000, which lasts from a month to half a year and calls for the most meticulous details of both the firm's operations and the sale of

its offering. A bill now in Congress would increase this to \$500,000.

Nevertheless, the expenses involved for, say, a \$300,000 offering are formidable, while a security dealer willing to act as agent can promise only that he will do his best. Commissions and related charges run to 25 per cent of the total or \$75,000; shares in an unknown concern are considered highly speculative and entail particularly vigorous selling efforts. Legal, accountancy and other fees, together with outlays for preparing the prospectus, printing, advertising, incidentals, amount to another \$25,000. Thus, it may cost a small business \$100,000 to try and raise \$300,000. Furthermore, the business will be fortunate, even if it is a long established firm, if it can dispose of two thirds of the issue to outside investors; new ventures often have to be content with one third.

As a result, the small business with a fine record and brilliant prospects, along with the innovator of a new process or product, finds access to the capital market difficult. It is this financial void, together with the difficulty small business encounters in arranging for long term loans, that is fostering the demand for government backing of capital banks for small business financing. They would be chartered by the Federal Reserve system, given a special set of rules under which financial institutions and individuals within a community or region could buy stock. The capital banks would be empowered both to make long term loans to small business and to purchase its security issues.

Pending establishment of this mechanism or some other new social invention which would do for the financing needs of small business what instalment purchasing has done for the buying needs of the consumer—the small firm must depend on whatever profits it can keep after taxes to meet its money problems.

This brings it face to face with the problem of taxation—and the federal tax structure has hardly favored small business.

The Excess Profits Tax, now rescinded, and the normal tax, which will remain essentially in effect, have restricted small business expansion. Together they have not only curtailed the amount of capital that could be retained from earnings but also made it tougher to acquire outside financing of every kind on a satisfactory basis.

The U. S. Treasury's position, up to this year, on depreciation allowances has been a further handicap. It ignored the fact that, with taxes draining up to 70 per cent of a small firm's earnings, every extra dollar permitted on depreciation of a machine tool or store fixture could mean a recouping of 70 cents of added capital to replace obsolete equipment, develop new lines. And the limitation of the loss carry back to a single year was often damaging to the small firm recovering from a bad period.

Various Administration measures portend at least the beginnings of tax relief for small business in most of these and other areas. At the moment, however, some small companies object strenuously to the Mills plan for accelerating tax payments. It stipulates that a corporation has to pay 45 per cent of 1953 tax in each of the first two quarters of 1954, and the remainder in 1955. Although the Administration has urged that in the autumn of 1955 a start be made toward a pay-as-you-go tax procedure, the intervening period of transition can force the small company, with scanty reserves, to borrow to meet levies for both the current and previous year.



# SMALL BUSINESS: its strength

IN ONE basic sense, small business is the biggest business in America. It accounts for 96 per cent of our 4,212,000 enterprises (excluding farms and professional offices) and for nearly half the value of all goods and services.

The bulk of small business, about 63 per cent, is found among our 1,864,000 retail and 740,000 service establishments. The remaining 37 per cent is distributed among the 38,000 firms in mining and quarrying; the 434,000 in construction, the 338,000 in manufacturing, and the 186,000 in transportation, communication and public utilities.

The whole structure of the American economy is based upon the existence of both big business and small business and a mutually favorable climate for operation. Huge automobile manufacturers are successful and continue to grow because thousands of dealers—small businessmen—sell cars to people who want and need them. Giant oil companies develop and produce petroleum products that can only be distributed through widely dispersed small business outlets. A steel corporation employing thousands of workmen

produces sheet steel for autos sold by independent car dealers, steel beams used by an independent building contractor, and tin plate that is made into cans, filled by a packing house, sold to a wholesaler, then to a retailer and finally to the consumer.

Yet some observers believe that small business has just about reached the summit of its importance in American economy and is destined for a long slow slide downward. These observers compare the gradual ten per cent drop in small manufacturing sales from early 1951 through the last quarter of 1953 to the gains for big manufacturing in the same period and describe them as typical of a long-term trend for every sector of small business. They say that if 1954 should bring even a five to six per cent drop in over-all economic activity, sharper competition would combine with revenue losses to force an unusually high number of small firms to the wall.

Such forecasts ignore the staying power of small business throughout the history of our economic evolution as well as the recent upsurge of new ideas and activities designed to maintain and even enlarge the role of small business.

The ability of small business to do much more than merely survive has persisted in the face of the vast changes of the past 100 years as the nation was being transformed from a mainly agricultural society to the world's most highly industrialized economy.

In 1854 there were an estimated 310,000 small business firms out of a population of 26,500,000. Today there are 4,000,000 small business firms out of a population of about 162,000,000. Thus, while population has increased more than six times, the number of small business firms has increased nearly 13 times.

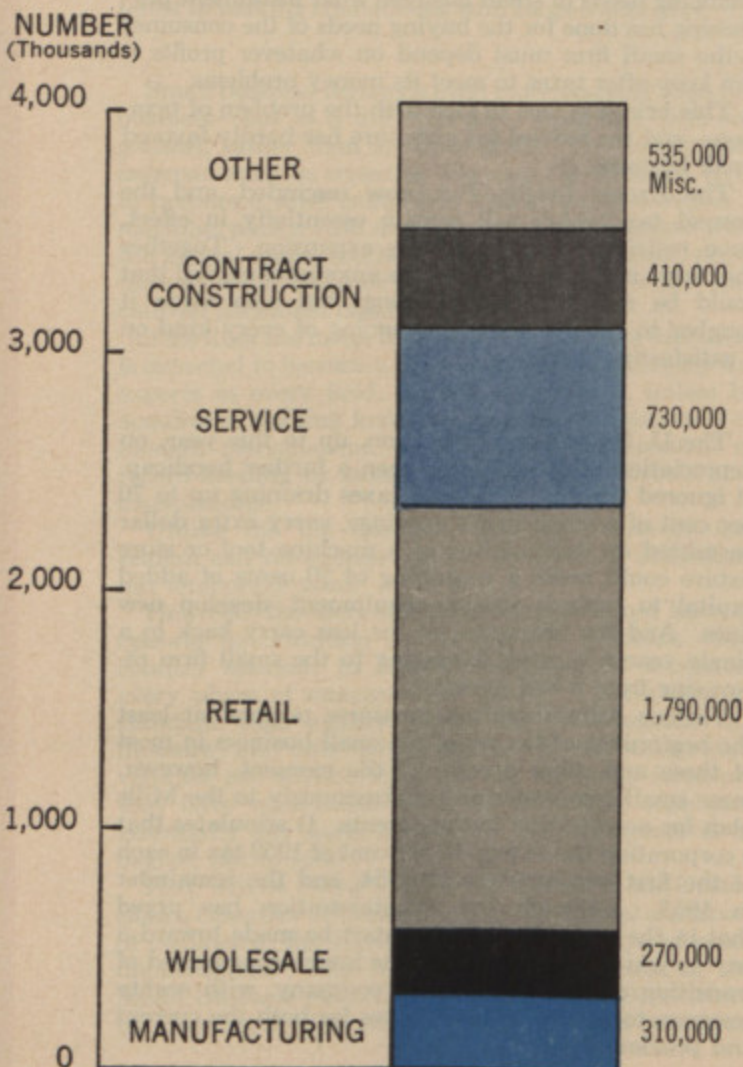
During the past 50 years, the number of business units of all sizes has increased two and one half times while population has about doubled. At the beginning of the twentieth century there were 21 business concerns per 1,000 of population; today there are 25. Since World War II business firms have increased by 35 per cent as against a 14 per cent growth in population.

Frequently certain competitive disadvantages have loomed large in the thinking of men in small business. Yet, to overcome them, small business often has mobilized its forces effectively to pare costs, to sell more energetically, to form buying pools or to insist on a greater share of defense contracts. Recently, the new public awareness of the connection between small business and economic freedom has been attested by the establishment of the Small Business Administration, the first full-fledged government agency concerned with self-help for all small firms.

Small business executives show a growing realization of the need to educate themselves in modern management methods. There also are signs of a more conscious desire to have their voices heard in national economic policy.

Despite depression, or recession, the underlying pattern of our economic development has enabled small and big business to flourish side by side because the economy as a whole has continued expanding. To keep it expanding is the primary economic objective to which the present Administration is committed.

## 4,000,000 SMALL BUSINESSES





# SMALL BUSINESS: its failures

THE mortality rate of small business is high. Management shortcomings in one form or another cause most business failures. Yet mortality figures are deceptive.

Two million small businesses were started between 1947 and 1952, and only 125,000 of these remained at the end of the period. But only about four per cent of these discontinuances could properly be described as business failures due to such factors as bankruptcy, foreclosure, withdrawal with unpaid obligations, or involvement in court actions such as receivership.

On the other hand, almost 40 per cent of small business discontinuances actually involve simply a change of ownership. Furthermore, the proprietor of a small business might retire and find no successor. In that case liquidation could not be ascribed to insolvency. A fireplace contractor might return for a year to his old craft as bricklayer when times are slack. Records in this area are fragmentary, obscure and complicated by informal settlements with creditors.

But for cases of actual failure, specific information on the reasons is available. Although poor management is the major cause, external factors play a large part.

A calamity, like the depression of 1929-39, does sweep under thousands of firms—not all of them small—that otherwise could have prospered or at least kept going. Even the 1949 dip claimed its casualties. The shutdown of a mine or mill on which local employment mainly depends, or a materials shortage during a war, a decline in a region's population, and the deterioration of a neighborhood can lead to failure. So, too, can changes in technology, in fashions or in sports.

Nevertheless, a 1953 Dun & Bradstreet survey into the causes of business failures discloses that:

1. 50.3 per cent resulted from incompetence. That category included basic miscalculations of market for the product made, merchandise carried, bad choice of location, and uncertain estimates of overhead.
2. 16.8 per cent resulted from "unbalanced" experience. Under that heading Dun & Bradstreet included failures due to the operators not being well-rounded in finance, purchasing, production, promotion and related functions.
3. 11.3 per cent resulted from lack of managerial skill in handling pivotal operations such as work-flow

in the plant, display in the store, inventories, customer-credits or labor relations.

4. 11 per cent resulted from lack of experience in a particular line. This factor predominated in such cases as the shift of a manufacturer from compacts to TV set components, or a retailer from electrical appliances to carpeting, or a contractor from ranch houses to office buildings.

Only 4.9 per cent of these failures are explained by neglect; 3.5 per cent are due to fraud; 1.3 per cent to disaster, and .9 per cent to reasons unknown.

The study seems to point also to the fact that the first five years are the hardest. A little more than 58 per cent of the failures were in business five years or less; 26.7 per cent between six and ten years, and 14.8 per cent ten years or more.

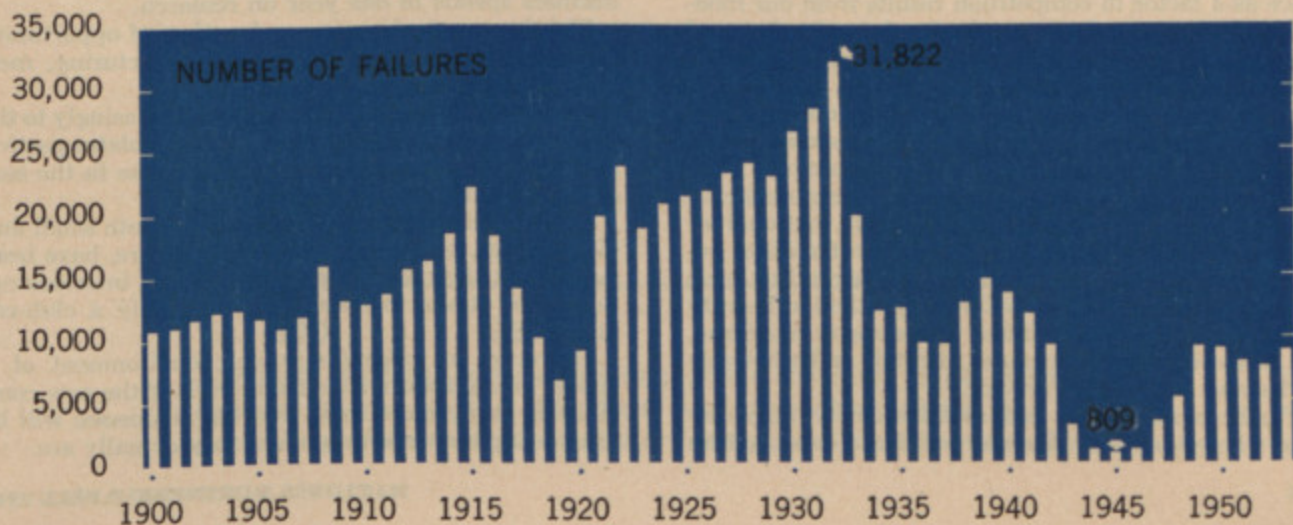
Although it is rarely a sole reason for failure, a major contributing reason for the death of small business is a lack of long-term financing. This is worth looking at because competitive ability in the days ahead often will depend upon access to enough capital to buy goods in quantity, to install new equipment to improve the product or reduce costs, to enlarge the sales force or to develop new lines.

A third supplementary reason for small business failure, though not often a decisive one, is the way the U. S. tax structure, until now, has hurt the small firm. Under the Excess Profits Tax, for example, a new small business became subject to the 82 per cent levy as soon as earnings passed the \$25,000 mark. By contrast, a corporation with \$1,000,000 in earnings might (under some circumstances) be subject only to the 52 per cent rate. Even with the repeal of EPT, however, the regular corporate tax will continue to siphon off as much as half of all profits.

Small business has to rely upon its own capital accumulations if it is to expand or hold its own. Spokesmen for small business urge that it be granted higher exemptions under a new graduated tax procedure based on differentials in size.

Whatever the outcome of proposals to aid small business, the study of its failures has brought agreement that managerial efficiency, financing, taxation are inseparably linked and will dominate both private and government action on small business problems.

## COMMERCIAL FAILURES 1900-1953





# SMALL BUSINESS: its environment

THE NEW buyers' market is forcing the small business executive to face up to the most intense competition he has known in years. Today's keener rivalry is not only between firms in the same field, but between whole industries and trades.

Aluminum competes with steel, and both compete with plastics.

Coal struggles for the market against oil, the movies versus TV, the automobile versus home freezers and every one of these versus every other.

Competition between industries and trades always has existed, just as the consumer always has had to decide what portion of income he could spend on particular goods and services. But there are three profound differences between any other previous period and our own:

1. Never before has there been such a variety and profusion of alternative commodities on which to spend money, nor such an intensity in the way each bids for a larger share of the consumer's dollar.

2. Never before has there been such a vast number of people with money left over after paying for necessities, such as food, shelter and clothing. Economists call it discretionary spending power, and report that the amount now available to 24,000,000 families in the middle income group (\$3,000 to \$5,000 a year, after taxes) is four and a half times greater than in 1940.

3. Never before has there been such widespread competition between whole trades and industries . . . a condition which has been blurred by World War II and the sellers' market of the past eight years, but is now coming into clear focus.

This new form of the contest for business puts far less emphasis on price differences for the same grade of product than it does for such other factors as design, color, styling, packaging, novelty or quality. Price remains important, but its importance has been dwindling during the past 30 years.

To some extent, this has been due to pressures exerted by firms within an industry or trade to standardize quotations per ton, or markups per garment, for example, to maintain price conformity. Far more fundamentally, however, the lessening significance of price as a factor in competition results from our modern technology and our methods of production and distribution. They have combined to create an underlying uniformity of costs which, in turn, fosters uniformity in prices in whatever we make and sell, from cars to candy bars.

In mining and manufacturing, for example, labor costs are essentially fixed by collective bargaining contracts which are becoming increasingly national or regional in scope. Even when hourly rates differ between areas, the practice of paying the prevailing scale tends to equalize wages within a particular locality whether in bauxite or textiles. The same thing is true, but less evenly, for personnel in retail and wholesale trades and commercial service.

Furthermore, excise and social security taxes are everywhere identical. Standard railroad rates, set on

a national or regional basis, are reflected in the prices of copper, bulldozers, frozen shrimp and everything else. When a milling company buys wheat, the price spread is limited by the parity program for agriculture. Similarly inflexible are outlays for electric light and power, water supply or telecommunications.

Control over costs, and thus over prices, has been continually narrowed by the very way we have organized our economy in response to new machines, new methods and new mentalities. This explains why emphasis has been steadily shifting away from price competition toward product improvement, better merchandising and other efficiency areas where there is more room for maneuvering.

In other areas such as food, prices retain more of their traditional sway. Yet even here, the proprietor of many a neighborhood grocery can testify that delivery service or the stocking of specialty items can offset lower price lures.

Only when small business fully grasps the nature of this new competition, where price is no longer the sole ruler of the market, can it ready itself for an active role in the next phase of our economic revolution. That phase is a more conscious cooperation *within* an industry in the face of increasing competition *between* industries.

In the days ahead, producers and distributors alike will find that their real selling problem does not grow from rivalry with their respective opposite numbers. Success will depend instead on how well all members of their economic section can work together to maintain or increase their share of the consumer's dollar against the persuasions of other industry alignments.

Big business sometimes does make small business overdependent upon it. Yet auto and other dealers have successfully organized to protest what they feel is arbitrary action by a manufacturer. And, though a large manufacturer occasionally decides to make itself a part previously supplied by a vendor, countless jobs remain for small firms to perform. The aviation industry, for example, includes 60,000 subcontractors. A single electrical company has 17,000.

Quite as important is the nearly \$3,000,000,000 big business spends in one year on research.

This keeps opening up new frontiers of opportunity for small business, whether in manufacturing, merchandising or service.

From 1954 forward, profits will go increasingly to the industry or trade lineup which best stimulates participation of every business firm with a stake in the success of a particular commodity.

In the recent past some executives of both small and big business, in the same economic sphere, have been aware that their aims and activities are interlocking. For some others this idea has been only a club-car platitude.

However, in today's economic environment of a buyers' market within the framework of the new competition, many more small and big businesses will be discovering how interdependent they actually are.



# SMALL BUSINESS: and government

THREE hundred and ninety bills to aid small business were introduced in Congress between 1933 and 1944. In the course of the Eighty-first Congress, 46 others were proposed. A single month of the Eighty-second brought 13 more.

This is not a recent trend.

Congressional concern with small business dates back to the Antitrust Act of 1890. The Clayton Act of 1914 also sought to prohibit combinations to control the market. In the same year the Federal Trade Commission was set up with a deceptively simple mandate—stop unfair competition. This was also the avowed objective of the Robinson-Patman Act (1936) designed to put all buyers of a commodity on an equal footing, and of the Miller-Tydings Act (1937) to prescribe re-sale prices of trade-marked goods. The McGuire (Fair Trade) Act of 1952 carried this doctrine even further.

Practically, these laws were anti-bigness in purpose rather than pro-smallness—a kind of indirection that was changed by the act establishing the Small Business Administration some 15 months ago. This organization is unique for three reasons:

1. It is the first government agency created by Congress to assist small business in peacetime as well as in war or other national emergency.

2. It is the first government agency whose jurisdiction covers all 4,000,000 small business establishments. The Small War Plants Corporation (World War II) and the Small Defense Plants Corporation (Korea) confined their activities respectively to some 280,000 and some 300,000 small industrial concerns.

3. It has been given a comparatively meager appropriation in view of the omnibus nature of its assignment. Congress granted SBA a revolving fund of \$275,000,000. Of this, \$100,000,000 is earmarked for helping small plants on government contracts.

Another \$25,000,000 is reserved for disaster loans and \$150,000,000 for regular business loans up to a maximum of \$150,000 and ten years. For fiscal 1954 Congress authorized only \$55,000,000 for the latter two operations. Since disaster loans will take about \$5,000,000—unless floods, tornadoes and sand storms suddenly abate—only \$50,000,000 remains for loans of the ordinary commercial type.

By contrast, the Reconstruction Finance Corporation, whose small business lending functions the SBA inherited, lent more than \$100,000,000 a year for the 11.9 per cent of its borrowers in the small, or under \$100,000, class.

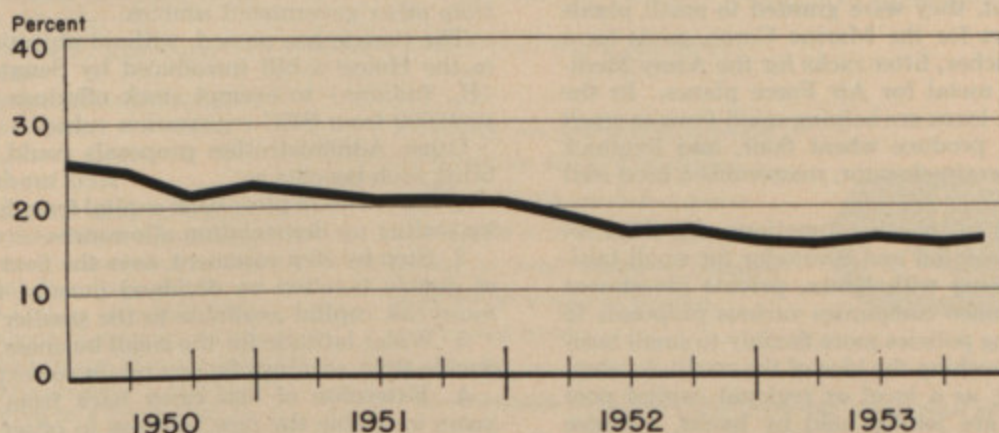
Despite such limitations, Wendell B. Barnes, Administrator, is confident that SBA will be not only a source of direct aid to small business but will teach it to help itself. In his view SBA's major contribution over the long run will be to stimulate community programs that can fuse private resources—educational and financial institutions, trade associations, chambers of commerce—into a grass roots movement to strengthen small business. He also declares that no government agency should attempt to underwrite incompetence, or to guarantee success for anybody, since the right of entry into business always implies the risk of exit.

Mr. Barnes is an energetic, 44 year old lawyer-businessman who grew up in Oklahoma.

"Look at it this way," he says. "We'll always have to have the big integrated corporations for automobiles, planes, ships, railroad equipment, heavy goods. But at the same time, we have to provide more equal opportunity to start a small business or to succeed in an existing one. Otherwise, we're just kidding ourselves when we talk about competitive enterprise."

"The small businessman," he continues, "is a builder, and one of our best incubators of new ideas. He's a friend of freedom—every kind, economic and

## DROP IN SMALL BUSINESS SHARE OF DEFENSE SPENDING HAS STOPPED



*Although the total value of military prime contracts to all business declined sharply in the 1953 fiscal year, this chart shows how the gentle drop of the small business share of defense dollars has leveled off*



political. Hitler in Germany knocked off the small businessmen first. He knew that when he got rid of them he could easily fit the big combines and cartels into the totalitarian state. But the state could never dominate 4,000,000 small businessmen who are used to risking their property and security every day—they would never let it come into existence, in the first place. They are our best insurance against getting that kind of government here."

Although the SBA cannot supply equity capital, it can make loans when the applicant meets credit tests of good character, proven ability to conduct his business and can provide reasonable security. Under SBA rules, no applicant can get financial assistance unless he first proves that his own bank has refused him either because his request exceeds its legal limit or violates its customary practices. He has to demonstrate also that he cannot raise money through sale or mortgage of assets not directly needed in his business.

No SBA loan in any form is available to recreational or amusement enterprises, to a distillery, liquor store, brewery or bar, to proprietors of racetracks, or of gambling places, or for investment or speculative purposes. Excluded also are newspapers, magazines, radio and television stations, and all other media of communication—Congress didn't want any organization dealing in news or opinion to be beholden to the government lest this pave the way to a kept press.

The 71 financial specialists in SBA's 32 regional offices display considerable ingenuity in counseling small firms on how to obtain financing. A cosmetics manufacturer who required \$100,000 for working capital was steered to several insurance companies, one of which accommodated him. An SBA representative analyzed the setup of a small printing firm that needed \$5,000, and pointed out that, by assigning a new contract, together with some equipment, it could successfully reapply to the local bank, which it did.

Only when such other alternatives have been exhausted, does the SBA act. Sometimes it participates with a bank by taking a portion of the loan. It prefers, however, its deferred participation plan under which the bank provides the entire sum but arranges with SBA to buy up to 90 per cent of the loan, on demand, at any time. As a last resort, there is the direct loan by which SBA assumes the entire risk.

Out of 431 business loan applications between October, 1953, and February, 1954, the SBA approved 12.8 per cent or 55 (23 direct, 32 participation) while 91 were declined or withdrawn. Those okayed ranged from \$2,500 to the statutory top of \$150,000 (the average to date is \$66,500) and went typically to a greenhouse, a veterinary establishment, a sawmill. On the procurement front, they were granted to small plants producing tractors for the Marine Corps, parts for a Navy rocket launcher, litter racks for the Army Medical Corps, sheet metal for Air Force planes. In the civilian area SBA loans are helping small firms to smelt aluminum scrap, produce wheat flour, and livestock feed, construct a grain elevator, reassemble a used coal washing plant.

In its loans, as in its other functions, the SBA regards itself as champion and counselor for small business. It is exploring with banks, private investment groups and insurance companies various proposals to adapt their lending policies more flexibly to small business needs. It is pushing the idea of the credit development corporation, as a local or regional capital pool in which shares are jointly held by banks, business enterprises, individuals. It maintains watchful liaison with procurement centers in Washington, D. C., and 34 other cities to attract to small business its legitimate share of contract awards. It advises small plants on

## A BUSINESSMAN'S OPINION

"The feeling of the public is fundamentally friendly toward small business. Yet certain attitudes with regard to the relationship between government and business work a special hardship on the small operator.

"The recommendation has been made that small business 'in trouble' should be helped. This parallels building a game preserve for all the poor cows in the country, while killing off the good ones."

*J. Gordon Roberts, President  
Roberts Dairy Company  
Omaha, Nebraska*

joining their forces for public bids and private subcontracts. Together with the state governments, it is compiling a national inventory of small business facilities for defense purposes.

In addition it speeded decontrol of nickel on behalf of some 3,800 small concerns in electroplating houseware, surgical supplies, automotive parts. Its trouble-shooting production experts recently showed a Florida machine shop how to catch up with its late deliveries of army shells by improving drop-forge operations.

To help the small businessman help himself the SBA releases a constant flow of management guidance leaflets, booklets, manuals. They cover pricing policy on government bids, materials controls, employee relations, new opportunities in radioisotopes and the way advertising agencies can serve small business.

It has also arranged with the University of Wisconsin (Milwaukee) and four other educational institutions to co-sponsor courses for small businessmen. The usual course will run two hours a night each week for two months. Attendance will be limited to about 25 businessmen who have been previously canvassed on what studies they prefer. Professors and other experts in accounting, merchandising, finance, taxation, production, engineering and related subjects will lecture and conduct discussions.

Meantime, further aid to small business is pending from other government sources.

The Senate has passed, without objection, and sent to the House a bill introduced by Senator Capehart (R., Indiana) to exempt stock offerings of less than \$500,000 from SEC registration rules.

Other Administration proposals could, if adopted, bring such benefits as:

1. Increases in plow-back capital from funds derived by scaling up depreciation allowances.
2. Step by step easement, over the next three years, of double taxation on dividend income, thus making more risk capital available to the smaller concern.
3. Wider latitude for the small business executive to decide what earnings he can retain for expansion.
4. Extension of loss carry back from one to two years to enable the new business to offset early losses against subsequent profits.

In the days ahead, as in the past, the political popularity of small business will continue to influence, in considerable degree, its economic well-being. **END**



should also be made to determine whether or not the educational program is proper and adequate, or whether or not it meets minimum requirements.

MANNING GASCH  
Fairfax, Va.

### ... And wrong, maybe

I am a liberal arts graduate ('49) with a secondary school certificate. In five years I have filed more applications for teaching jobs than you can shake a diploma at—because I want to teach school, low salaries or not. I have done everything but build my own school—to no avail. In these five years I have had one offer.

One superintendent even suggested that, since there were so few openings and these being offered only to teachers with experience, I try some other field of work!

I have spent a beginning teacher's salary on my campaigns for a school, and, with the "teacher shortage," I repeat, I have received one offer. I am still trying, because I still want to teach school more than anything in the world.

Teacher shortage?

Either some one is pulling your statistic or I have a prison record of which I am unaware.

JAMES B. CARSWELL, JR.  
Hartford, Conn.

### For cold cold: calcium chloride

As you know, calcium chloride has been used most effectively by highway department maintenance crews in many states for the past 20 to 30 years. This past winter and its prolonged periods of cold weather clearly indicated the advantages of calcium chloride for melting ice on highways and other locations when temperatures drop to 20 F. and below. However, we noticed that Mr. Owen's article "Highways Win Their Cold War" seems to omit any reference to the advantages of calcium chloride. He refers to the melting values of "ordinary salt" at temperatures most favorable to the use of salt.

He does not refer to the temperatures which are most favorable to the use of calcium chloride.

WILLIAM F. REYNOLDS  
Editor  
Calcium Chloride Institute  
Washington

### Encouraged about GSA

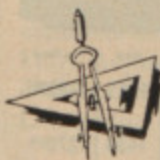
I read with a great deal of interest the excellent article "GSA Opens Door to Small Business." I conduct a course in Governmental Purchasing here at San Jose State College in which there are registered about 70 students. In the face of all the bad things that are said about federal procurement I felt that this article pointed to a great new development in the area of scientific procurement.

JACK H. HOLLAND  
San Jose State College  
San Jose, Calif.



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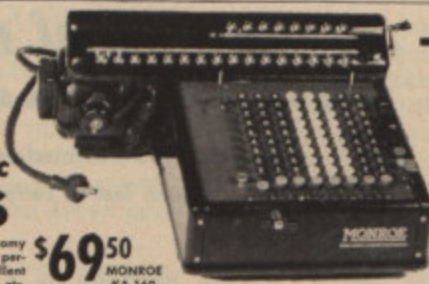
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## Labor's Political Plans for '54

(Continued from page 27)

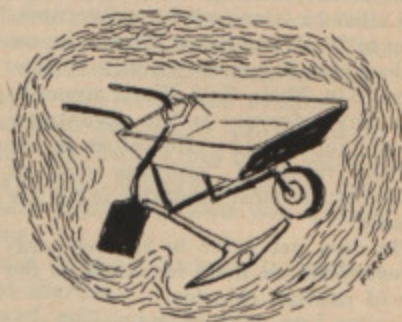
money early enough to put it to work in time for the primary campaigning.

"Money needed in April is of little value in November," observes one veteran political chieftain. Already more than two thirds of the AFL's 109 affiliates have reported collections underway among their 19,000 locals.

If labor could collect a single dollar bill from each of the 17,000,000 union members, the political till would be bulging. However, despite the fact that some unions strive for contributions larger than a buck—say, one hour's pay—the annual collection of the AFL, with more than 10,000,000 members has never topped \$600,000, a high point attained in 1950. The CIO has been amassing as much as \$1,000,000 from its collections. Several of the larger AFL and CIO affiliates, notably the International Ladies Garment Workers Union, which is the core of the New York State Liberal Party, do a pretty fair job raising their own political pots.

AFL and CIO collections are made on a 50-50 basis: Half the funds go to the state political arm, half goes to Washington headquarters for use where needed.

In the 1952 campaign, labor—according to expenditure reports filed

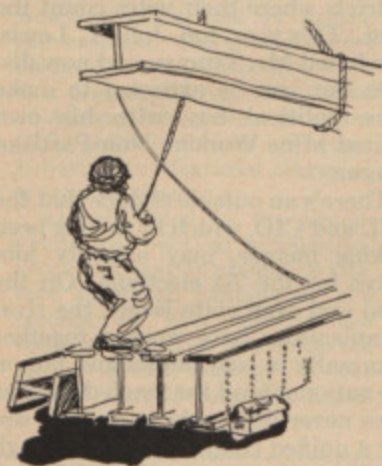


with Congress—contributed some \$2,000,000 for the Presidential and congressional race, or roughly \$1 out of every \$14 reported spent by the candidates of both major parties. Labor's political captains say that their financial aid—in addition to their political activities—was vital to the election victories of Sen. Mike Monroney, of Oklahoma; Sen. Mike Mansfield, of Montana; and Sen. Henry M. Jackson, of Washington, all Democrats who defeated Republican incumbents in 1952 despite the Eisenhower sweep. Altogether, 21 Senate and 80 House candidates received funds from labor groups in



1952. Eight of the labor-backed candidates were elected to the Senate, 42 to the House.

The half dozen Republicans supported by labor are the exceptions proving the rule that, despite protestations of nonpartisanship, the union leaders almost unanimously endorse Democrats. However, now that the New Deal and Fair Deal no longer run the Administration in power, labor's leaders are thinking more in terms of "friends of labor," as scored on the issues as charted by the major unions. Basically, though not inflexibly, a "friend of labor" is a



legislator who is opposed to the Taft-Hartley Act. In 1952, according to union calculations, labor lost a net of 18 "friends" in the House, and broke even in the Senate by retaining a net of 38 "friends." Labor's political captains consider this a respectable score in view of the Eisenhower tide in 1952.

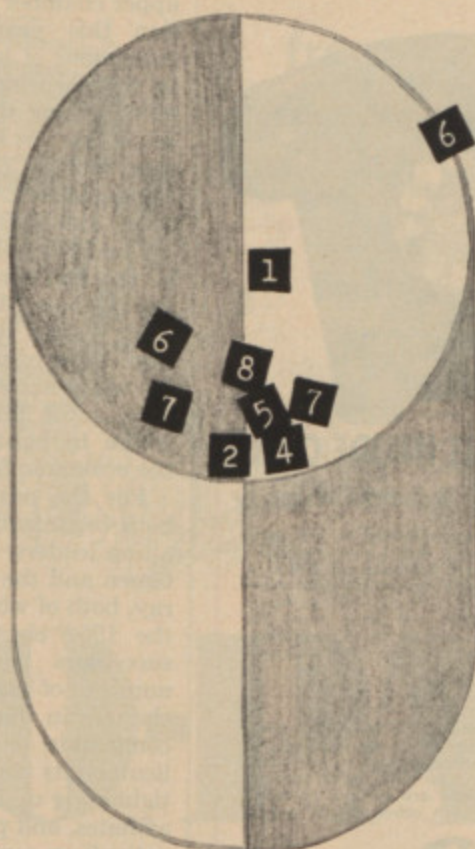
Since the 1952 Presidential elections, labor's political forces have been testing their strength in the vacancy-filling Congressional elections held in Wisconsin and New Jersey, where the labor-endorsed candidates won, and in California, where the labor-supported nominee lost. Some labor captains claim a labor victory in the Democratic gubernatorial and mayoralty races in New Jersey and New York City, respectively, but in both of these contests factions of labor supported the losing candidates as well. In 1953, the CIO kept its PAC busy—and gave valuable training to its volunteer workers—by participating in a number of the 600 state and local office elections.

Former President Truman was brought into Detroit on Labor Day of 1953 to highlight a labor-sponsored political rally aimed at 1954.

In the upcoming primaries and elections of '54, labor is out to increase its contingent of "friends" in the House, but will be happy if it can return those it already has, especially in the Senate. One third of the

9

8



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upper chamber comes up for re-election this year—including several champions of labor swept into office in the surprise Truman victory of 1948, among them, Senators Douglas, of Illinois; Humphrey, of Minnesota; Murray, of Montana; Green, of Rhode Island; Neeley of West Virginia; and Kefauver of Tennessee.

The 1954 political campaigns will be the first directed by AFL President George Meany and CIO President Walter Reuther, rival leaders who differ in many things but who are of the same, strong opinion that labor must take vigorous political action to bolster its operations on the economic front.

For the past several campaigns, both organizations were headed by ailing leaders, the AFL by William Green and the CIO by Philip Murray, both of whom died shortly after the 1952 election. Their younger successors have already made a number of structure-strengthening changes in their respective political commands, such as throwing more lieutenants into the field forces, tightening up liaison with the union affiliates, and putting "political education" on a year-round, every-year schedule.

Under the more energetic Mr. Meany and Mr. Reuther, both the AFL and CIO are making renewed efforts to find allies in the farmers, in small business, in the smaller communities which have little contact with unions, and in minorities. Extra

efforts will be made to rally, not only the newly-emergent housewives, but the youth of America as well. For, as with the ladies, young Americans voting for the first time—even those working in unionized plants—stormed the precincts to vote for General Ike.

Meanwhile, working with less hullabaloo but with extraordinary effectiveness considering their modest membership of approximately 1,000,000, the politically older Railroad Brotherhoods are out picking their spots, expertly placing funds and pressure in the congressional districts where their votes count the most. This year, too, John L. Lewis, who hated Mr. Truman and now dislikes Ike, can be expected to make more political hay with his own United Mine Workers Non-Partisan League.

There's an outside chance that the AFL and CIO, which have long been talking merger, may actually join forces for the '54 elections. On the local and even state levels, the rival organizations have worked together informally in past campaigns, but on the national level the two federations have never been able to operate under a unified command, even though in 1952 both groups endorsed Governor Stevenson as their candidate.

However, for all of their wanting "friends of labor" in Congress and in state posts, there has been jealousy sometimes as to whether the candidate would be a "friend" of AFL or





## LABOR'S MESSAGE IN MUSIC

PHONOGRAPH records have been added to the flood of propaganda with which the AFL and CIO hope to influence the vote in the November congressional elections.

The discs feature humorous, but hardly subtle musical attacks on the record of the Eisenhower Administration, and on American business. The platters were made professionally in New York as a project of PAC. Joe Glazer, of Akron, Ohio, a member of the CIO United Rubber Workers Union, is the featured singer on several of them.

Also included in the propaganda are political newsletters, voter registration promotion kits, fact sheets on candidates, and records of how congressmen voted on the major issues. On the latter labor's concept of the "right" vote is carefully noted.

"friend" of CIO. Some AFL labor leaders privately feel that the CIO endorsement would hurt their "friends" in certain areas. Other segments of labor, such as the United Mine Workers, have their own ideas of "friends."

The waters of political unity appear to be further disturbed by the recent surge of Dave Beck to the front ranks of labor leadership as head of the million-member-plus Teamsters Union. Mr. Beck, accused by some of having Republican tendencies, is a stormy petrel who likes to do things his own way. He recently talked somewhat mysteriously about possible formation of a third party.

The future of labor in politics is an unknown quantity. Maybe there will be a third or labor party some day. Or it could be that labor will capture the Democratic Party.

Perhaps labor will continue playing its "nonpartisan" role of helping "friends," opposing "enemies." In any event, labor is in politics for keeps.

Right now labor has set its sights on November, 1954.

"And the voting in that election is going to be"—in the words of an editorial of the widely-read weekly issued by the AFL International Association of Machinists—"the most important event in our lives this year." **END**

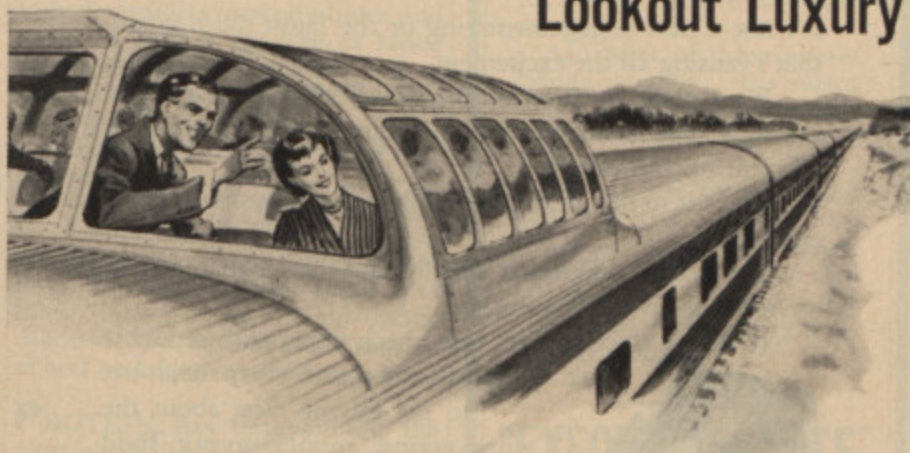


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## Versatile Sugar Learns New Trades

(Continued from page 28)

paper in other cane producing regions such as Hawaii and the Philippines.

Sugar cane wax is another new product of great economic importance that seems to be just around the corner. In America, wax for home and industrial use has become a multimillion dollar industry. Bane of the industry has been the steadily climbing price of its principal source of supply: carnauba wax from Brazilian palms. Searching for cheaper raw material, the wax industry's chemists tested scores of other wax-yielding plants, hoping to find one which might match carnauba's luster and hardness.

**SCIENTISTS** discovered that the surface of cane stalks is coated with a whitish powdery wax whose function seems to be to control evaporation of water from the plant during its daily exposure to the tropical sun. Extracted and refined, the wax compared favorably with carnauba.

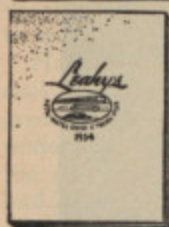
Now one of the largest manufacturers of floor and furniture wax in the United States has quietly undertaken an all-out effort to put sugar cane wax on the market. Crude wax is being extracted at two sugar mills in Cuba and is being refined in Louisiana. When it is realized that the sugar cane crops of this country, Hawaii, Puerto Rico and Cuba alone would yield more wax than the current total world production of carnauba, it is not hard to understand the keen interest with which the industry is watching this development.

However, news from lowly molasses has set off the greatest excitement in years. Despite its consumption in the food industry and use as a source of rum and industrial alcohol, molasses has always been the stepchild of the sugar industry. Sugar-raising countries formerly poured millions of gallons of it into the sea. Then, a decade ago, cattle growers in the southwest United States were coaxed into trying it as a supplementary food for steers. The animals thrived on it. It grew so popular with cattlemen that the systematic distribution of it by tank truck to ranches in Texas, New Mexico and other southwestern states has become an immensely successful business enterprise. Similarly, mixtures of sugar beet pulp and molasses have become a profitable farm feed.

Molasses helped ranchers raise healthier beef, but it did not solve



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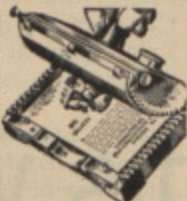
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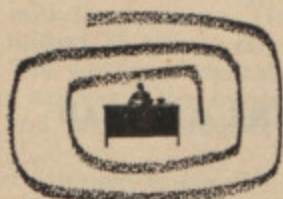
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their biggest problem: how to provide steers with inexpensive proteins. Greatest cost in the meat industry is the high price of feed grains (soybeans, cottonseed meal, etc.) which provide protein upon which the animal grows into prime beef. Chemists discovered a curious fact: In the stomachs of cud-chewing ruminants — cattle, sheep, goats — there are microorganisms which convert nitrogenous compounds into proteins. Molasses plus synthetic urea is such a compound. Some cattlemen have begun adding urea powder to molasses and feeding it to their stock.

A research scientist, Dr. Hugh Stiles, whose company manufactures ammonia from which urea is made, asked himself another question: Is there a still cheaper and more effective way of getting protein-producing nitrogen inside a steer? The cheapest form of combined nitrogen is ammonia; ammonia, in fact, is the starting point for making urea. After eight years of research, Dr. Stiles had the answer: Skip the urea and ammoniate the molasses. He perfected a process for adding ammonia directly to molasses which his company patented in 1952. Its name is Molatein.

When cattle are fed Molatein, their ruminant stomachs convert it to body-building carbohydrates and proteins. And, in the form of Molatein, both are far below the cost of corn and linseed oil or soybean meals for which they substitute.

In simplest terms this means that molasses can be converted into beef, mutton, wool, milk, cheese and butter. Instead of being held in the grip of a one-crop economy, Cuba, Puerto Rico, Hawaii, the West Indies and other cane-growing regions seem destined to become important sources of beef and dairy products.

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*Profits from Mr. Smith's real estate transactions buy articles for the blind*

# a mbition lights his way

*When worldly goods come in abundance, it is easy for a man to forget the needs of other men. Hubert E. Smith, blind since 1913, never permitted that to happen* **By EUGENE KINKEAD**

MARCH 4, 1913, was a festive day in Washington, D. C. It was the date of President Woodrow Wilson's first inauguration. More than 100,000 persons gathered to see the parade sweep up Pennsylvania Avenue. The sky was blue and a soft breeze was blowing.

One of the wide-eyed watchers was fun-loving Hubert Elhannon Smith, 16-year-old member of a land-poor, pre-Revolutionary farm family in South Carolina. It was his first excursion away from home and he was one of a group of 30 boys who had won the trip by selling subscriptions to the Augusta, Ga., *Chronicle*.

He drank in the excitement of the occasion—the toy balloons, the music of the bands, and bright ranks of marching men. The parade made it the happiest day in his life, a day that never has been erased from his memory. But tragedy stalked him.

Two weeks later Hubert Smith's world tumbled. A gunshot accident at his home left him blind. The blow almost broke his spirit; his dreams of becoming a scientific farmer crashed around him. There seemed nothing left to cling to.

Then, strengthened by an inborn and unshakable faith in the power of prayer, young Hubert Smith started on the road that eventually was to see him become perhaps America's most successful blind businessman of the self-made variety.

Today, at 57, he is of square build and medium height, with his sightless eyes hidden behind opaque glasses. His sedentary life has left him a trifle paunchy and pallid. He still has his native shyness and his sense of humor—and he's still tense. Ambition has driven him to get things done, and he pays for it by alternate days of weakness. His

victory over blindness did not come overnight. After his accident he twice entered the Cedar Spring School for the Deaf and Blind near Spartanburg, S. C., and twice came home. On the second occasion his family did not force him to return. Never a scholar, he hated school routine.

He yearned for life on his grandfather's plantation. He had been a sickly infant. His only salvation would be country air, a doctor said, and his parents sent him from Augusta, Ga., where he was born, across the river to his grandfather's South Carolina estate. After a year his mother and father moved to the plantation and the grandfather had a house built for them about a mile from his own. But the old gentleman refused to give up his grandson.

"Can't move that child in here," he told them, sniffing around their



newly decorated homestead. "Smell of fresh paint'll kill that boy." This was the first of many excuses he used to keep from returning the baby.

Hubert saw his parents almost daily through the years as he was growing up, but continued to sleep under his grandfather's roof. He was the eldest of three children and he had two cousins with whom he enjoyed a brotherlike relationship.

Philologists say that many southerners descended from colonial English settlers still use a syntax close to Shakespeare's. When deeply moved, Mr. Smith often will use expressions full of Elizabethan poetry. Speaking of his early blindness, he says:

"It seemed that only lonely night stretched on ahead. Failure piled on failure like hopeless links in a never-ending chain of despair. The weary days dragged into weeks. And months groped through a vanquished dreamland until at long last the unhappy years stood like mountain peaks with shoulders stooped adversely, blocking countless doors of hope."

One of his cousins gave him a typewriter on which he learned to peck out words. Laboriously he taught his work-toughened fingers to read Braille.

In 1917 came a respite. The United States had entered World War I and thousands of soldiers were stationed at Camp Hancock, a few miles from the plantation. Young Smith's latent resourcefulness stirred. With his cousins, he organized a wholesale dairy business to provide milk for the camp. Hubert himself milked 25 cows a day and fed 100. The venture prospered. But with the armistice the troops departed and the undertaking collapsed.

Hubert returned to his old, aimless life, with his sense of humor almost his only comfort. The pranks and witticisms his cousins contrived for him often pulled him together and made life endurable.

"A sense of humor is the jockey that rides our nightmares away," Mr. Smith says.

"Then came the first of what I call without sacrilege my three miracles," he relates. "At prayer I received a sudden impression that my blindness was not without meaning—that it was, in fact, an obligation to help others like myself. Although I did not know how this was to be, I felt strongly that if I would prepare myself ways and means would be found to make my mission a success."

He was helped by his acquaintanceship with *The Matilda Ziegler Magazine* for the blind, a publication in Braille, that opened up before him the wider world of the sight-

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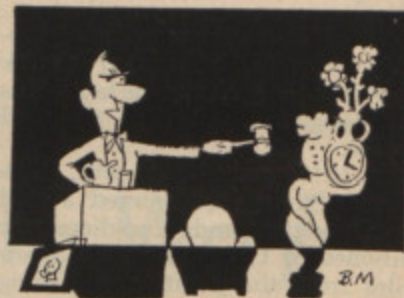
**American Trucking Industry**

American Trucking Associations, Washington 6, D.C.

less. To prepare himself, Mr. Smith entered the school of the Association for the Blind in Columbia, S. C., an establishment whose enrollees are taught mattress making, furniture repair, cane work, upholstery, and other skills. Apprentices then received board, training, and \$1.00 a week. Young Smith progressed rapidly and soon was placed in a supervisory job assisting other students. He found a self-assurance he had never known and a joy in helping others. He also found Jewell McManus, a pretty girl not completely blind, who eventually became his wife.

"She was happy-hearted," says Mr. Smith. "And she liked me because I liked a joke. Blind people like to laugh off their troubles and I was always teasing pupils around the school about teasing things."

In 1928, at the age of 31, Mr. Smith felt he wanted to help the blind more than an educational supervisor could. He decided to start



his larger-scale work in his birthplace of Augusta, Ga., and he left school, but not before he wrote J. P. Morgan, the New York banker, about himself and his hope to formulate a plan to make the blind self-supporting. The philanthropist sent him a check for \$200. With it, he bought a mattress-making machine and had it shipped to Augusta. This and \$100 saved from his \$1.00 weekly school allowance were his entire assets. He was completely on his own.

His family, like so many others in the South, had a generous plantation. The house had a six-acre yard. But often there wasn't much cash on the whole place. Had there been, Mr. Smith would have been too proud to have asked for it.

His first headquarters was a small office in the Masonic Building in Augusta. "Ways & Means For the Blind," the title he had chosen for the infant organization, was lettered on the door. He sat back and waited for inspiration.

"I just did a powerful lot of unproductive rocking," he remembers.

At this time, his savings almost gone, he decided to get married.

"I was lucky having someone will-



***"I read Nation's Business..."***



***"We advertise in Nation's Business"***

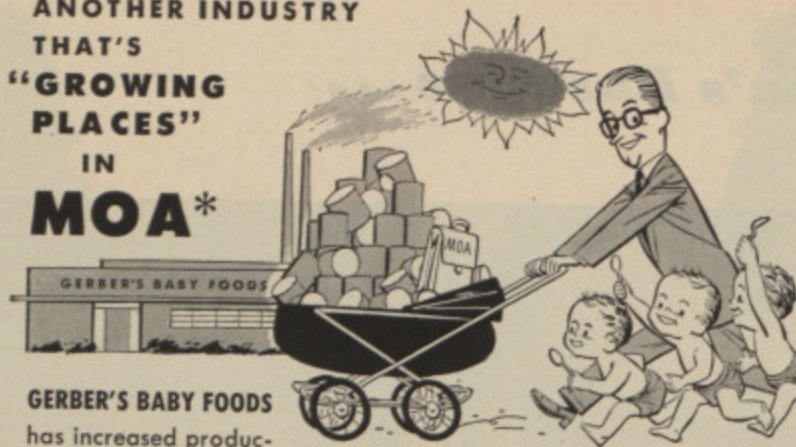
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Dino Olivetti, President, Olivetti Corp. of America

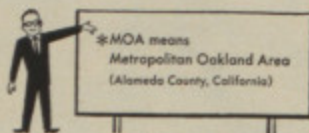
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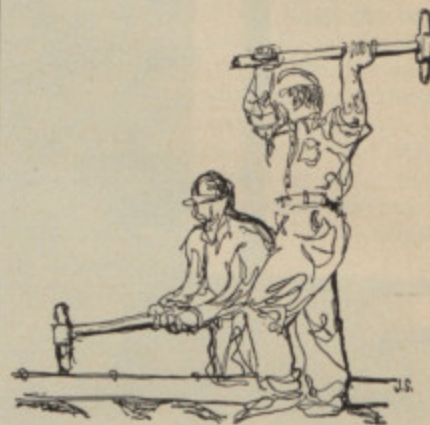
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ing to gamble on going hungry," he says. "Jewell was from a farmer's family, used to hard work and willing to start with less than nothing. So we did."

He borrowed \$10 and took his fiancée by bus to Aiken, S. C. There he bought a license, found a clergyman to marry them, and returned to Augusta that evening by bus. The honeymoon supper consisted of two frankfurters each (total cost, 20 cents). The couple's home was a one-room apartment in a rooming house.

Almost at once, however, things got a little brighter. A partner was found with a truck to pick up and



deliver mattresses, thus turning the mattress-making machine into an asset.

Workshop space was found in a dirt-floored shed off an alley. Mr. Smith solicited business from door to door, guided by his partly sighted wife, who tramped with him from one end of the city to the other. During this period, by means of a curious sort of sixth sense that many blind people seem to possess, he acquired a remarkably accurate impression of districts and buildings, a knowledge that was to serve him well later in real estate dealings.

The mattress shop became well known. An official of Georgia's Department of Vocational Rehabilitation asked if Mr. Smith would take blind persons for vocational training.

Thus Georgia's first training school for the blind was established.

With the tutoring of new arrivals, running the mattress machine, picking up mattresses, and dozens of other chores, Mr. Smith kept busy. With the increasing influx of trainees, new accommodations became necessary.

Mr. Smith went to the president of an Augusta bank and explained his need. The use of a small building was arranged rent-free for as long as the bank held the property. Mr. Smith was there seven years. Slowly he made progress with his aim. His



personal problems, however, were far from solved.

His first-born, a son, died at five months.

"Next day I worked harder than ever with trainees, with a heavy heart," Mr. Smith says. "God works mysteriously."

Besides his training program, he organized a jobbing business in upholstery and mattress accessories. A casual phone call from a former student in a nearby town for a small quantity of mattress needles alerted him to the fact that there might well be a nationwide market in this field.

He had barely embarked on the side line when the bank sold the building housing his shop and he faced his most serious business crisis. In 1933 he had incorporated the "Ways & Means For The Blind" as a charitable organization. Its profits were to be put back into the business for improving the general welfare of the blind. All that Mr. Smith wanted was a living for himself, his wife and the two young sons who had arrived since the earlier tragedy. Consequently there was no cash in the bank with which to buy property.

"Then came my second miracle," Mr. Smith recalls. "At that of all times, another bank wrote me saying I had \$100 in a dormant account from the days in the dairy business. Furthermore, that bank owned just the sort of bargain-type structure we needed, and was willing to accept my forgotten funds as first payment."

Mr. Smith joyfully moved his organization into the building, a 15-room house, suitable for many activities and for boarding some of his trainees. It also had a shed in the rear that was ideal for a warehouse

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and shop. Before long the Smiths also acquired the house next door. In a shed there he started the first vocational school for Negro adult blind in the South.

Soon he had 30 blind or crippled trainees from 11 states. He hired a cook, fed and roomed the students, and taught them mattress making, caning, upholstery, and woodwork.

(Continued on page 88)





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As part of its broad educational program to create a better understanding of economic, social and legislative problems—and a wider acceptance of the business point of view—the Chamber this past year published and distributed 20,923,000 copies of pamphlets, booklets, newsletters and magazines.



### 122 Radio and Television Programs

The Chamber presents the business story over all radio and television networks. This past year, the Chamber conducted, or participated in, 122 radio and TV programs, panels and forums.



### 3,284 Area and Regional Meetings

Members of the Chamber's field staff have this past year helped local and state chambers arrange and conduct 3,284 area and regional meetings: to stimulate greater interest in, and action on, current educational and legislative matters.

These meetings blanket the country, and are a tremendous force for encouraging citizens to take their governmental responsibilities more seriously.



### 2,452 National Affairs Committees

The National Chamber helps local and state chambers and trade associations set up and operate 2,452 National Affairs Committees of local business men.

The Chamber keeps these Committees posted on what is happening in Washington—sends them *Legislative Daily*, a five-minute summary of Congressional action; *Legislative Outlook*, a biweekly report of what's ahead; and when the chips are down, an Action Needed letter.

Today's national problems which reach out and affect your business, all business, will not solve themselves. Nor is it enough to turn these problems over to your elected representatives in Washington—and hope for the best. What is needed is your help—your interest, your thinking, your leadership—added to that of the other business men who are working together, through the Chamber of Commerce of the United States, for the long-range good of America.

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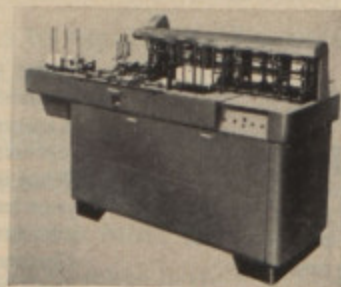
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He ran the school like the one he had attended in Columbia, S. C., accepting money for tuition from the various states, selling the output, and giving the apprentices a small sum weekly. At the end of a six-month session, they returned to become productive members of their communities instead of hopeless, helpless family dependents or state wards.

The upholstery and mattress accessories business prospered. In the retail shop in one of the sheds a crippled clerk sold fabrics, tools, caning, ticking, and mattress supplies. Mr. Smith handled the wholesale mail-order end with the aid of first one and then another of his trainees. The annual gross volume soon reached \$300,000. Mr. Smith discounted his bills three per cent in return for ten-day payment and kept his complex inventories in his head.



But even in his success the limitations under which blind people operate were clearly demonstrated. A big textile man from New York, with whose firm Mr. Smith did more than \$100,000 worth of trade annually, visited him in Augusta. Mr. Smith proudly showed him his account books by which he kept his credit record so clean—a series of four-by-eight-inch cards punched with Braille dots, completely unintelligible to anyone but a blind person.

"Is that all the accounting system you have?" asked the amazed businessman.

"Yes."

"Then a \$25,000 credit deposit with us is required before you can receive our goods in the future," said his caller stiffly.

Bewildered and humiliated, Mr. Smith produced the cash.

As Ways & Means began to acquire profits, they were put into first mortgages and rental properties. Mr. Smith was uniformly successful in this.

"Never lost a pin in any real estate deal," a local banker declares. "His judgment is amazing."

Profits from real estate ventures were used to improve the general condition of the blind, including interest-free loans to blind persons who wanted to buy homes.

In 1945 Mr. Smith received from



the Treasury Department a citation, signed by Fred M. Vinson, then the Department's Secretary, thanking the Ways & Means For The Blind, Inc., for its "patriotic and generous donations to the United States." Mr. Smith wanted his corporation, although tax-exempt, to share in the nation's war effort during World War II, and every quarter he sent a check to Washington.

"I come from patriotic stock, you know. My family has fought in all kinds of wars for this country. And I just wanted to pay my fair share," he explains.

Mr. Smith broadened his aid to the blind shortly after the death, in 1946, of Walter G. Holmes, director of *The Matilda Ziegler Magazine*, and a man whom he much admired. As a memorial to Mr. Holmes, Mr. Smith established the Walter G. Holmes Foundation, a subsidiary of Ways & Means For The Blind, set up to receive funds, the original principal to be held in perpetual trust in the form of interest-bearing bonds, only the income being used to purchase the gifts or services specified.

At present the Foundation is committed to 17 philanthropies. Among them is one in memory of an educated Negro field hand who lived for years on the plantation of Mr. Smith's grandfather and who at night read to the blind boy. The work is backed by approximately \$200,000 worth of bonds, almost all of them contributed by Mr. Smith. The rest comes from several persons of good will whom he has been able to enlist. Mr. Smith hopes many others will join.

"I have thought of getting a guide and going around to charity-minded people," he says. "Not to ask them for money now, you understand, but to explain our goal and ask that, if they are going to give away money, they consider including us in their wills." So far, shyness has prevented his doing this.

Two things long had worried Mr. Smith. The first was the security of his family if anything should happen to him. He had taken nothing out of his successful business but a modest living and education for his two sons, now out in the business world on their own. The second was that he was not helping the blind enough despite the fact that he had reached the limit of current business activities to do so.

"Then my third miracle happened," Mr. Smith relates. "I came into almost 250 acres of land just across the river in South Carolina. It was my share of inheritance from an ancestor named Hammond who came up the Savannah River in the



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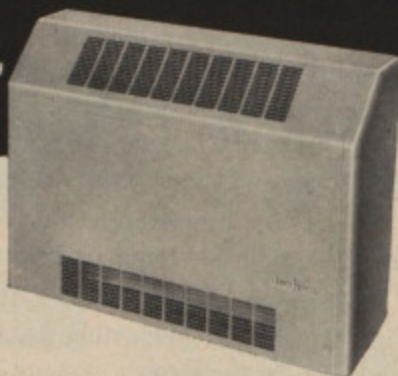


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early eighteenth century when there wasn't a tree cut in Augusta. They received thousands of acres in this vicinity by royal grant from King George III."

Mr. Smith went into real estate development. Various states previously had begun a system of vocational training for the blind, thus leaving that phase of his original program in good hands. He disposed of his upholstery and mattress accessories business on lenient terms to a capable handicapped couple. The two houses he bought for \$4,500 in the mid-1930's he sold for \$40,000.

Then he tidied up personal matters. To provide for his family, he created the Jewell M. Smith Trust Fund and deeded his inheritance to it. Then in exchange for turning the land over to Ways & Means, that corporation gave the trust in return eight rented houses that bring in \$600 a month. This sum, less what is necessary for maintenance of the property, is sufficient to look after the needs of Mrs. Smith and Mr. Smith himself, who in his own name has nothing.

Next he turned his attention as a developer to the land across the river. In two years with the aid of an associate who operates on a commission basis, Mr. Smith put up 35 homes in the \$10,000 to \$30,000 bracket, making an average \$2,000 on each; sold 55 lots, the last for \$1,500; has ready for sale 50 more in what is left in 73 originally cleared acres, and has a balance of 163 thus far uncleared acres remaining.

The Ways & Means corporation now is worth more than \$650,000. But Mr. Smith still lives modestly. Although he and his family occupy a substantial house, it, too, was an inheritance from an aunt, not something that came out of his business. He has no car. That would necessitate a chauffeur. Instead, he commutes by cab to work in his small, \$24-a-month office in the Masonic Building or transacts business at home by telephone. His ambition is somehow to help the 14,000,000 totally blind persons in the world.

"As long, that is, as I don't have to make a speech about it," he says humorously. "I made one once. It was terrible. I was very embarrassed. I sat down and turned to the fellow who had introduced me. 'How would you have made that speech?' I asked him. 'Under an assumed name,' he replied."

At home the Smiths live quietly. Two hours daily he listens to radio news to keep abreast of world affairs. The rest of the time his wife is likely to keep the radio tuned to religious programs, which are her chief interest. Although handicapped, she is a



good cook and housekeeper and each week manages to give a few hours to church work. For his own recreation Mr. Smith relies a great deal on "Talking Books," recorded readings of novels and other writings.

Another hobby is revising old sayings, witty or religious—"sharpening old saws," he calls it.

"A bird in the hand is worth two in the bush"—

With that I do not agree:

It depends on the man with the gun in his hand

And what kind of shot he be."

Another example of his production along these lines is:

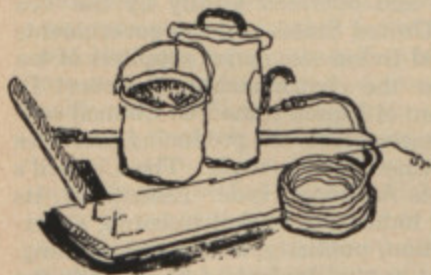
"Dear Lord, give us strength our part to do and faith the rest to leave with You."

For his work to help the blind, he has already achieved some personal recognition. The Lions Club of Georgia voted him the state's most outstanding blind person. Walter G. Holmes, before he died, called Mr. Smith America's most resourceful blind man. And the managing editor of *The Matilda Ziegler Magazine* compared him to Gandhi, in part describing him thus:

"How often do we hear it said, or say ourselves, 'If I had a thousand or a million dollars, I would use it to make others happy.' Mr. Smith has had that privilege, and has not permitted avarice to turn his love and compassion into hardness of heart. When the world's goods come in abundance to a man it is easy to forget the needs of his fellow men. Hubert E. Smith has not permitted that to happen."

Mr. Smith, still shy, still tense, hopes this recognition will aid his sole aim—to help the blind.

It has been a long time since a shotgun blast tore out his eyes, a



long time since he first calloused his knees in prayer.

"Many times I think we pray for the wrong things. I know in my pride I did for too long," he says. "Prayer for the right things, for the help of others, is always granted. Now my blindness is the least of my problems. As I look back I feel that God has been more understanding of me than I deserve—an old country something like me."

END

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# UNITED SELLING

FEW American industries have gone to such lengths as the tea industry to find out what was ailing it and have then taken such determined steps to correct the situation. As a result, tea is on an upsurge which is remarkable for its new-found vigor, unique in its strategy, and fascinating in terms of what the industry has discovered about itself and the consumer, whether he is an actual tea drinker or a potential one.

More tea is drunk in the world than any other beverage except water and, among the tea-drinking Western nations, America is second only to Great Britain in total consumption. However, this sounds much better than it really is—or was. Ever since the Revolution, in fact, each succeeding war or trade embargo has left tea in the U. S. on a lower level of consumption than before, although for a time these levels were more or less automatically regained after each setback. The per capita zenith was achieved in the late 1800's at a little more than one and a half pounds.

Then, suddenly, with the close of the war against Spain, even tea's traditional resiliency collapsed as a result of inroads made by coffee and other beverages. The industry hit the skids in a fantastic downhill spiral lasting almost 50 years. In 1942-45 the bottom was reached. Consumption rested at slightly more than half of a pound per person.

From this lowly position, the tea trade could seem to make no appreciable recovery. Instead, it remained interminably on the critical list, struggling feebly in a morass of low sales and general despondency. Finally, however, toward the end of 1948, it began to stir a little, as though it were beginning at last to emerge from its long coma. A short time later, it awoke with a start.

Now, although there have been no changes in the product or its distribution, and although the retail price has not been reduced, the industry has succeeded not only in stopping the downward trend but has scored a major and even classic reversal.

For the past five years, annual total consumption of tea in America has been boosted by almost 20,000,000 pounds. Last year, total consumption came to about 103,000,000 pounds, compared to 84,000,000 at the end of 1948. Per capita consumption has gone steadily from .56 pounds in 1948 to .65 pounds per year now.

Even the equipment manufacturers, who have always contented themselves with turning out coffee makers for the restaurant trade, have now started making tea brewers, a sure sign that something is going on in the industry.

Tea's spirited resurgence is due to many factors, of course. By and large, however, it has been the industry's willingness to engage in long and painful periods of soul searching, plus the work of a unique and energetic coordinating agency, the Tea Council, that has wrought the change.

When it began analyzing itself a few years ago, tea had no difficulty in locating flaws: They were every-

where. Many people complained, for instance, that tea had a wishy-washy taste, which it does unless properly brewed, and most people didn't know how to brew it. A survey showed that only 40 per cent were getting correct strength (one bag or spoonful per cup). Others drank tea only when they had invited known tea drinkers for dinner, when they felt colds coming on, or when they ate in Chinese restaurants. Still others stubbornly refused to touch tea at all, although the industry had long encouraged the public to regard tea as a symbol of gracious living.

There were other negative aspects. The tea in restaurants being served was almost uniformly poor, one of the many reasons being that waiters and waitresses didn't like to bother with it. Worse, the trade itself was hurt by its own tradition; over the years, it had grown so conservative that it was spending nearly as much time maintaining its outmoded, wing-collar dignity as it was selling tea.

Finally, of course, there was the bleakest fact of all: Most Americans are coffee drinkers. Where the East India Company had made England a nation of tea drinkers, the proximity of the United States to the coffee-producing countries had established coffee as the staple American beverage, and subsequent American investments in those countries had served to solidify coffee's position.

What to do? First, the tea industry realized it would have to marshal its scattered divisions of growers, packers, salesmen, and others into one army. This is not a new concept; about 125 industries are currently engaged in similar campaigns on behalf of such varied products as apples, walnuts and perfume.

Briefly, the Tea Council is an international nonprofit corporation owned and operated jointly by the Tea Association of the United States and the governments of India, Ceylon and Indonesia, major suppliers of tea to America. Under the chairmanship of Robert B. Smallwood, president of Lipton's, the Tea Council consists of six representatives from the producing countries and six from the American tea trade. The Council's executive director is Anthony Hyde. Essentially, its job is to direct the industry's market research, advertising, sales promotion, publicity, and merchandising. Toward the present annual budget of \$1,500,000, the U. S. tea industry contributes about \$600,000 with the balance coming from the three participating governments.

It would be hard to find a more dedicated effort in any industry. The success of tea's recovery in the U. S. has been profoundly felt in the producing countries. Before World War II, the annual flow of American tea dollars to Ceylon averaged \$6,300,000; it has now zoomed to \$19,600,000. From a prewar level of \$4,200,000, India has boosted its annual tea earnings to \$16,700,000. Indonesia, which was running slightly ahead of India before the war, has not been so lucky; its plantations were largely overrun by Japanese troops.



# BOOSTS TEA SALES

Nevertheless, it has recovered sufficiently to be within about \$300,000 of its prewar average of \$4,300,000.

As the industry sees it, the job of developing new tea drinkers in the American home, together with that of making better tea available in restaurants and other places outside the home, is mostly one of education and continued pressure at strategic leverage points. To accomplish the latter, the industry has completely revamped its advertising approach. Athletes, not social leaders, are now pictured drinking tea, and instead of effete, softly-murmured slogans, the industry now shouts, "See what a glow you get!" The tea merchant has rolled up his sleeves.

Nor is any effort being spared to teach people how to make tea properly. In New England, where per capita consumption is double what it is for the rest of the U. S., the percentage of people who actually know how to brew tea correctly has been found to be nearly half again as great as in other sections. This was a significant discovery, and the industry is consequently hammering with increasing insistence on the theme that good hot tea must have boiling water, one bag or spoon per cup, a steeping period of three to five minutes, and no "dry" service in which the tea is dumped in the water instead of the water's being poured over the tea.

Because of melting ice, iced tea needs one and a half bags per glass. As for the use of tea bags instead of loose tea, the industry remains in a quandary. Tea bags help boost sales because of their convenience; on the other hand, people often make two or more cups from the same bag as a matter of economy. As a result, they get a drink which becomes progressively weaker and less satisfying. Also they buy less tea.

Getting restaurants to serve good tea has been even more of a problem. Several years ago, the industry was momentarily puzzled to find that when people ate out, they drank tea only half as often. Why? One reason was apparent almost at once: Waiters automatically ask, "Will you have your coffee now or later?" Diligent research turned up other reasons.

For hot tea, only a fifth of the restaurants in America actually had boiling water available at all times for tea, only 50 per cent used one bag or spoon of tea per cup, and 30 per cent served bag on a saucer. All told, only eight per cent were meeting all the requirements for a good cup of hot tea.

With iced tea, there were different problems, and the industry itself was largely at fault, since packers were unwittingly packing bags for half-strength iced tea. Once the trouble was located, the solution was obviously bigger bags to compensate for the melting of the ice. Now, with two-ounce bags available, one third of the restaurants in the U. S. are estimated to be serving iced tea at proper strength, and in only five years iced tea sales in restaurants have gone up a spectacular 239 per cent.

Tea is also moving into other areas with conspicuous success. In 1952, for example, the industry found that

the Army served coffee at every meal, but tea at only one meal a week. After considerable prodding, the Army agreed to conduct experiments in five Army areas, with the industry helping by developing special equipment for brewing tea in quantity. A choice of tea or coffee was subsequently offered at both lunch and dinner, and the results were tabulated.

In an army which presumably consisted overwhelmingly of coffee drinkers, one gallon of tea was consumed in cool weather for every two gallons of coffee. In hot weather, the soldiers preferred iced tea to coffee, four gallons to one.

After viewing the results, the Army began serving tea twice a week, offering coffee as an alternate choice. For those who prefer tea, this was a happy result. In 1951, tea consumption by Army personnel in the continental United States was .48 pounds per capita. That was a low point. In 1952 the average was .57. Last year it climbed to .59 pounds.

The secret, tea authorities believe, was exposure. This has been proved elsewhere; when experimental urn service was set up in 12 factories, tea drinking jumped 89 per cent.

Fortunately, despite the industry's new look, there has been no need to change the product itself, although a steady long-range swing has been taking place over the years from green tea to black tea. In 1910 black tea had only 30 per cent of the American market, whereas it now commands 97 per cent. In any case, black or green, it is still blended from as many as 40 different types and grades of tea.

Except for a few specialty blends imported in insignificant amounts from Great Britain, the blending is done in the U. S. by American experts using teas primarily from Ceylon, India and Indonesia. Imports from Pakistan, Formosa, Japan, and East Africa are negligible, and the only other important tea gardens are in communist China and Transcaucasia, in the USSR itself.

Although tea's recovery has been amazing, the fact remains that the competition with other beverages is still terrific. And tea still has a considerable distance to travel before it catches up, if it ever does. Actually, its relative position is still weak. Current per capita beverage consumption in the U. S. finds tea at only seven gallons a year, compared to milk at 41, coffee at 24, beer at 17, and bottled soft drinks at almost ten.

Nevertheless, tea thinks its future in the U. S. is brighter than it has ever been. If the industry can only get Americans to drink as much tea in restaurants as they do now at home, for example, consumption will increase by more than 14,000,000 pounds a year. Still to be tapped is an estimated annual potential of 240,000,000 servings from automatic vending machines, a market which tea has not yet invaded.

Tea is already on 86 per cent of all pantry shelves in the U. S. The problem is to get it into the pot. **END**

—COLLIE SMALL



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## 10 Men Ike Counts on Most

(Continued from page 31)

Mr. Cutler's great talent is objectivity. He can divorce his own views from a problem and dig into it with searching logic. He is precise in his explanations and spent several minutes telling a congressional committee his job was not to "coordinate," as one representative suggested, but rather to "integrate." (Webster says "coordinate" is to "harmonize;" while "integrate" is to unite "so as to form a complete or perfect whole.")

General Cutler also is a capable operator who is not afraid to run with the ball. One of the curses of big government is that most officials refuse to act unless they have detailed instructions signed and countersigned. Mr. Cutler needs only the President's nod to move.

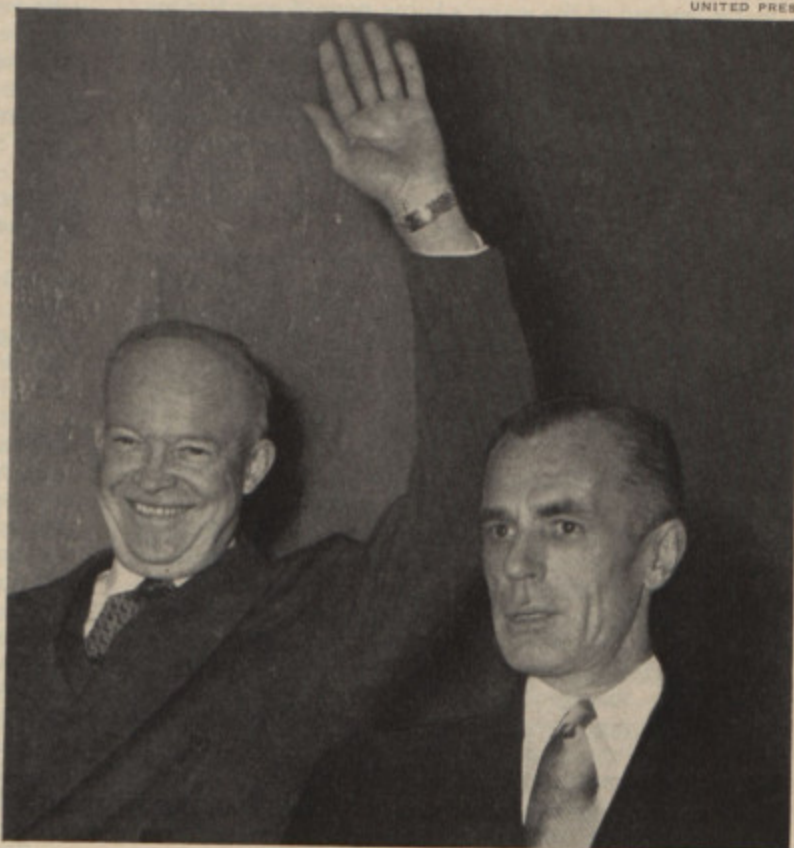
He serves the President in three capacities, first as his briefing officer. Within the armed services, General Eisenhower was famous for what he demanded in a briefing. He is not a prodigious reader or student, and always required that briefings be brief, clear and to the point. An officer who rambled, who missed the real high points, or was obscure was reassigned. Mr. Cutler briefs Mr. Eisenhower daily, and the President rarely has to ask questions. But when he does, Mr. Cutler has the answers ready.

Second, he "integrates" foreign, military and economic policy through the National Security Council.

Third, he is what Washington calls an "expediter." In other words, he gets things done. This side was revealed through questioning by the House Appropriations Committee. A congressman asked, "Now, you are given certain problems by the President to solve or recommend the solution. Do you initiate it the other way around, too? If something comes to your attention which you think might require immediate action, do you notify the President?"

Mr. Cutler replied readily, "Oh, yes sir. We had a good example a little while ago as a result of a cabinet meeting. Discussion arose and the issue was not settled. After the meeting I obtained the President's approval to put it on the National Security Council's

UNITED PRESS



As the Appointment Secretary, quiet Tom Stephens is literally the "closest" man to Mr. Eisenhower



agenda. . . . I have a duty, if I find in the course of my work that things are not being done, to report to the President. He has asked me to report those things to him with a recommendation of what he should do about them. My recommendation might be, if we could not settle this at our Council Planning Board level, that he call up the department head and say, 'Look, what are you doing about this? What is the delay?' . . . I would probably move into a situation where there is a snag or delay. That is why he would look to me to tell him how matters were going."



*Talented Bernard Shanley is the President's field general on the all-important legislative front*

Two other members of the White House staff, Tom Stephens, the lanky, Ireland-born Appointment Secretary, and Bernard Shanley, the handsome Special Counsel, belong to The Ten. Both are newcomers to the national scene and known as "bright young men," although both are 51.

Tom Stephens is the closest man to the President, literally. His office, always full of distinguished visitors, is next door to the President's.

Mr. Stephens is the perfect example of the anonymous and loyal assistant. He has always worked quietly and efficiently behind the scenes—first for New York City, as a Dewey lieutenant and secretary of the New York State Republican Committee. He wants no headlines or build-up for himself. He has a contagious enthusiasm for helping Dwight Eisenhower but he would not trade jobs with the President.

As Appointment Secretary he has incalculable influence, because he, in effect, regulates the flow of information to the President. Tom Stephens is scrupulously fair and would not put down an appointment for Governor Dewey, unless he was convinced the President wanted to see him and had the time, and that the governor had something important to say.

A sample of the dilemmas dropped in Mr. Stephens' lap daily: Three visitors want to pour out their views to the President. He asks himself, "Is this a proper problem for the President?" Yes, it is national in scope. Congress and the Cabinet are split.

"Can the decision be made without bothering the President?" No, the Assistant to the President has already made several futile efforts to mediate.

"What is the President's own mood?" He is weary of constant bickering and is trying to concentrate on the one issue that haunts him—war or peace.

"Can the President turn down all three?" The President personally dislikes A. Besides, his views have been paraded through the newspapers for weeks. B goes off on radical tangents and reports in great detail his real or imagined conversations with the President

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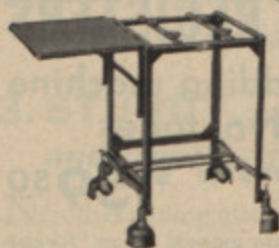
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to favored columnists. C is the most reasonable and gets the appointment. A and B are placated by letters from the President asking them to present their views in writing.

Mr. Stephens is jealous of Mr. Eisenhower's time. His great concern is that the President have enough time to himself to think and relax. The only subject that riles this even-tempered Irishman is a newspaper editorial or cartoon twitting the President for taking the day off to play golf. Tom will comment severely,

"Don't they have any regard for the President's health? Don't they realize this is a man-killing job?"

Bernard Shanley is a political worker of great personal charm. He is the President's field general on the legislative front. This is a position of responsibility and judgment, because Mr. Eisenhower is interested in broad policy; he leaves the details for Mr. Shanley to work out. For example, the President called a high level meeting of congressional and administration leaders on labor laws, turned the session over to Mr. Shanley and left. One participant, Alexander Smith, the scholarly chairman of the Senate Labor Committee, was asked later whether the President had approved a controversial proposal for an NLRB strike vote. He replied he did not think the President was aware of the provision; that Mr. Shanley handled all the details.

Another White House staff member has described Mr. Shanley as "like a moderator on one of those TV forums. People come in from The Hill and various departments. They talk out their ideas. When each one has had his say, Bernie tries to work out an agreement by trading, compromising, and re-shaping ideas."

After the President, or Security Council or Cabinet decides what should be in a "must" bill, Mr. Shanley moves in. He asks the top lawyers of the agencies involved to submit proposed bills. He sends White House assistants who serve as combination lobbyist-detectives on The Hill to sound out Congress. When all this information is dumped on his desk, Mr. Shanley writes a bill. He may call in speech writers with a flair for words, brain-trusters, government lawyers and executives for frequent consultation.

Once the bill is in draft form, the President will formally sound out administration leaders of Congress at a White House breakfast. When the bill is before Congress, Mr. Shanley gets reports on its progress. If an unexpected block appears, he may bring a key senator to the White House for a talk with the President, or recommend Mr. Eisenhower take his views before the nation.

Mr. Shanley drifted around the rim of politics in New Jersey, where he was known as a successful lawyer with a good war record, a socialite with a beautiful wife, and an outstanding Catholic layman. The Pope named him Knight of the Order of Malta. His

WIDE WORLD



Secretary Dulles rates high because of President's respect for his vast knowledge of foreign affairs





*Treasury Secretary George Humphrey is, in effect, President Eisenhower's chief economic navigator*

enthusiasm for Harold Stassen made him the latter's national campaign chairman in 1952. As a reward for these labors, Governor Stassen recommended him to Mr. Eisenhower for his campaign train staff.

Since then, Mr. Shanley has moved closer and closer to the throne. A year ago congressional leaders and White House reporters barely knew his name. Today, he ranks among the top ten.

Three Cabinet members are included in this inner circle, Secretary of State John Foster Dulles, Secretary of the Treasury George M. Humphrey and Attorney General Herbert Brownell, Jr.

Secretary Dulles belongs because of the President's deep interest in foreign policy and his respect for the secretary's vast knowledge. In such areas as agriculture and labor relations, Mr. Eisenhower prefers to let the experts wrestle with the problems and bring him a solution on one sheet of paper. But foreign policy is different. This he knows. He knows many of the players and most of the tricks. He has strong convictions that a powerful, united Western alliance and a healthy Britain are vital to American security.

Mr. Eisenhower looks on Secretary Dulles as a comprehensive encyclopedia and a veteran operator who can be trusted to the limit. This explains why the President abandoned his conciliatory mood with The Hill when Secretary Dulles warned him that Congress was endangering foreign policy. Examples: The President's spirited defense of Charles E. "Chip" Bohlen, an experienced foreign service officer and U. S. translator at Yalta, to be our Ambassador to Russia, and his denunciation of the Bricker amendment. In both cases, the opposition was a strong segment of the Republican Party.

There was much talk when Mr. Dulles took the job that he would stay only a few months and Tom Dewey would move in. The forecasters overlooked an important fact—Dwight Eisenhower likes the friendly Sunday School superintendent manner of Foster Dulles and feels at home with him. Secretary Dulles has an old-fashioned sanity and simple sincerity that are reassuring in a confused world.

George Humphrey is, in effect, the President's economic navigator. He keeps the Administration on course on taxes, spending, business aid, tariffs and subsidies. This self-confident Cleveland industrialist is known as "the brains of the Cabinet" and "Ike's best salesman." He is the only secretary who, from the beginning, hit it off with Congress and the press. His easy, self-assured manner, his willingness to stick his neck out, and his hearty air of confidence picked up needed allies for the Administration. When other secretaries avoided the press and Congress, George Humphrey was glad to answer questions. The President, too, turned to Mr. Humphrey for a steady hand. He just looked and acted like a "pro."

This was curious, because Mr. Humphrey is a newcomer to government and politics. He did not even meet Mr. Eisenhower until



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after the election. His selection for the Cabinet seems almost the work of fate. In 1949, Mr. Humphrey was selected to head a foreign aid committee studying German reparations. The U. S. military governor of West Germany, Gen. Lucius Clay, a close friend of Mr. Eisenhower, looked on this mission with suspicion. But because Mr. Humphrey was so disarming the two became fast friends. After the election, Mr. Eisenhower asked the general, who had by then gone into industry, "Where can I find a level headed, thoroughly honest businessman for Secretary of the Treasury?"

General Clay answered without hesitation, "George Humphrey. He's chairman of the board of the M. A. Hanna Company in Cleveland." Mr. Humphrey was called at Sea Island, Ga., to come to New York and discuss the possibility of entering the Cabinet. He was flabbergasted and still confused when he entered the President-elect's office. Ike put him at ease by saying, "I see you and I part our hair the same way."

George Humphrey came into the Administration with a fixed philosophy—cut government spending but cushion the shock on the economy by reducing taxes to put more money in circulation, balance the budget, weed out taxes that are patently discriminatory or impede business, look for ways to catch untapped income, and place government financing on a sound, long term basis.

In his first clash with Congress, Secretary Humphrey pleasantly but firmly opposed doing away with the excess profits tax in 1953, and the next year said no to Speaker Martin's plan to snip excise taxes and thus give G.O.P. congressmen a plume to wave at the voters. Oddly enough, none of the irate congressmen blamed him. They thought he was a great fellow.

Mr. Humphrey had his way in a vigorous contest within the Administration on defense spending. He said it must be cut by billions. The generals replied it could not be done without weakening defenses. Secretary Humphrey countered that he was no expert on warfare, but with all these modern arms a more dynamic concept of attack and defense might be studied. His judgment proved so sound the President put him on the National Security Council.

The third Cabinet officer called regularly to the White House for



*The Chief Executive regards Herbert Brownell, Jr., as the political genius of this Administration*

week-end talks is Attorney General Herbert Brownell. He is a coldly efficient type and runs a well disciplined, alert and honest Justice Department.

The President regards him as the political genius of the Administration. Mr. Eisenhower does not pretend to know much about politics and is not enthusiastic about learning. He turns for advice to Mr. Brownell who ran two national political campaigns, and is one of the best back-room arrangers in the business.

The Attorney General learned his lessons in a tough school, the New York Legislature, and from a master, Tom Dewey. He was Republican National Chairman in the hard-fought 1944 campaign and planned many of the major strokes in 1952.

As a protege of Governor Dewey, Mr. Brownell has, according to friends, outstripped the old master in cool, calculating political



strategy. He is not diverted by the outraged howls of political opponents and measures each blow for its long-range effect. For example, he carefully worked out the technique of putting Harry Truman on the spot—the blunt charge that the former President coddled a communist spy, the late Harry Dexter White. As Mr. Brownell correctly forecast, Mr. Truman rushed into print with a rash statement. Then with attention centered on the headline controversy, the Attorney General appeared before the Senate Internal Security Committee, loaded with facts and, as a trump card, J. Edgar Hoover himself.

The remaining two members of the inner circle are old friends. One Mr. Eisenhower has known all his life and refers to proudly as “my smart younger brother, Milton.”

Warm-voiced, bespectacled Dr. Milton S. Eisenhower is president of Pennsylvania State University. With characteristic modesty, he denies he has any influence on his brother and is just trying to do a good job running a college.

Milton, whom the President regards as “the” expert on government, was one of the most able, conscientious and selfless career men in the government. He was the man behind those who get the credit and the headlines. He was an efficiency expert who knew

WIDE WORLD



*Dr. Milton S. Eisenhower, the President's brother, is called in to unsnarl administration projects*

how to get things done when the red tape of bureaucracy strangled action. Most of Dr. Eisenhower's government experience was in the Department of Agriculture. He was responsible for seeing that the American farmer understood the New Deal's agriculture programs. This was a mammoth public relations and organization job right down to the counties. Too, he was frequently called to give Henry Wallace advice.

This association with Mr. Wallace leads some right-wing critics to mutter that Milton Eisenhower is a leftist. This is absurd, for Dr. Eisenhower was a professional government servant. His job, as he saw it, was to carry out orders; to take a rough policy and shape it into a fine instrument of government. His own personal philosophy, rarely seen except in a few speeches as an educator, is pretty much that of all ten of those close to the President. Fifteen years ago, it might have been called “liberal.” Today, it would be labeled “moderate conservatism.” He is internationally minded, but leans toward the trade-not-aid theme. He has respect for civil liberties. He believes that American business, given encouragement and inspiring leadership, can lead the world to greater prosperity, trade and material comforts.

Dr. Eisenhower so avoids the limelight that few observers realize how often his brother calls him in to help unsnarl an Administration project. It is typical that Milton waits to be called. He will give his views when asked, and then only after considerable thought.

The other member of the top ten deserves that over-used Hollywood term, “fabulous.” To the country at large he is known as an author whose shrewd blend of hilarity and facts made “Presidents Who Have Known Me” a best seller. To Washington he is a



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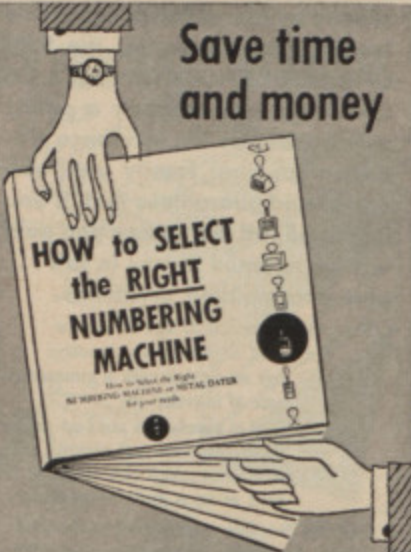
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champion jester whose jokes are rarely wasted on small fry. To the business world, he is one of the most widely sought after members of boards of directors in the U. S.

This is George E. Allen of Mississippi, Washington, New York and points west, a crony of three Presidents as different as Roosevelt, Truman and Eisenhower.

The President or Presidents enjoyed having Allen around, because he is a superlative raconteur, because he has friends in the most amazing and useful corners of the Capitol, and because he is so accurate in his political judgments. George Allen can call the turn in an election or foretell public reaction in a way that leads rivals to claim he has a crystal ball hidden in the attic of the Gettysburg farmhouse he bought with Dwight Eisenhower.

He became a friend of General Eisenhower in London during the early days of World War II. His relationship was described by Ike's aide, Harry Butcher, who wrote, "If a war could be made happy, George could do it. He was a good tonic for Ike."

George has been by the side of Mr. Eisenhower at many crises, lightening the load of a man picked by destiny for great assignments. When Mr. Eisenhower was tempted to run for President as a Democrat in 1948, George was with him at the moment of decision, then flew to Philadelphia to pass the word on to party leaders. He visited Ike in Paris when he was making up his mind to run as a Republican. They bought a farm together where both plan to retire.

Mr. Allen's relationship with the President is purely personal. He does not attend meetings of the Cabinet or White House staff and points out that as a Democrat he does not have any business "mixin' up in Republican doin's. They got enough trouble without me." But he is likely to be a fourth at a bridge game or a complaining, sore-footed companion at a Burning Tree golf game.

George Allen's genius as a friend is that he knows when to keep still and when to talk, and he is never boring.

This list of Presidential advisers could include many others whose help Mr. Eisenhower welcomes. Some will argue that a list of the top ten should include any of the following: Jim Hagerty, the popular White House press secretary; General "Slick" Persons, the President's legislative liaison with Congress; General Bedell "Beetle" Smith, Under Secretary of State; publicist Bill Robinson, industrialist Lucius Clay, Budget Director Joseph M. Dodge, Atomic Energy Chairman Lewis Strauss, or Defense Mobilization Director Arthur Flemming.

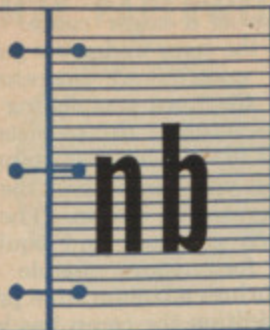
All of these men are a vital part of the vast and terrible job of the Presidency, a position that has grown until it is beyond the talent of any one man to handle it alone.

**END**



George Allen, Ike's favorite friend, relaxes at Augusta retreat with the Eisenhowers, Mrs. Allen, businessmen Cliff Roberts, left, and Bill Robinson





# notebook

## Eighty-year-old party

IN OHIO older people register each spring and then watch the mails for the invitations that make them king for a day at the F. and R. Lazarus Company's Annual 80 Year Old Party. Last year more than 1,800 attended.

The affair began in 1926 when the company invited people 75 or more to help it celebrate its Diamond Anniversary. Everybody had so much fun that the event was continued, although in 1931 the minimum age was set at 80.

Last year 16 chartered buses took the guests from the store where they assembled to the building where the party was held. Wheel chairs carried the more fragile to the auditorium. A doctor, nurses and an ambulance were on hand as were 65 hosts and hostesses tapped from among the store's personnel to escort each guest to his or her seat. Except for these people no one less than 80 is allowed at the party. Escorting sons, daughters and neighbors sit outside while the old folks watch a gay entertainment and have the time of their lives.

## Tax freedom

THIS MONTH brings a day of peculiar emancipation which some people, for want of a better name, call Tax Freedom Day. According to this reasoning, everybody works through the first part of the year merely to pay his taxes. After that, what he earns belongs to him.

Considered in this light, Tax Freedom Day came last year on April 22. This year, preliminary estimates show it will arrive about April 11.

## Traffic safety for seven years

FAIRFIELD, Ala., 16,000, and Belmont, Mass., 28,866, are starting their eighth year without traffic fatalities, records which demonstrate that campaigns of driver training, education and publicity can pay off.

Joseph J. Trucks, executive director of the Fairfield Chamber of Commerce, tells us that his town's safety effort began in 1925 when the Board of Education began a Youthful

Driver Training Program with a part-time instructor and a borrowed automobile.

That program, with more adequate equipment, has continued ever since. So has careful street-marking and considered placement of traffic signals. In addition, the chamber keeps hammering traffic safety slogans at every opportunity.

Interest in these seven year records prompted an inquiry to the National Safety Council to see if any other city had equaled them. The reply is interesting:

Perhaps Midwest City, Okla., should have been named with Fairfield and Belmont. It had six non-fatal years going into 1953 but had not yet reported for that year.

Several cities have beaten the seven year record before bad luck overtook them: Stillwater, Okla., completed nine years in 1948; Swampscott, Mass., got to eight years in 1950 and Clarksdale, Miss., reached seven years at the same time. Both had fatalities in 1951.

Five year records are not uncommon. Charles City, Iowa; Carnegie, Nanticoke, Donora, and State College, Pa.; Highland Park, Texas; Frankfort, Ky.; Dyersburg, Tenn.; and Whitefish Bay, Wis., have all reached that mark at one time or another.

## Community sugar camp

NOT EVERY town can find jewels in adversity but Burton, Ohio, population 1,000, presents a good argument that it has done just that. The Burton Chamber of Commerce operates what it believes is the only community sugar camp in the country and uses the proceeds to support the fire department, park decoration, a historical society and other projects.

The idea started in 1931 depression days when the town was trying to scrape up money from any source. A citizen looked at the several hundred maple trees in the town park and inquired, "Why not sell maple sugar?" They did just that.

The chamber of commerce leased the trees from the village council. Volunteer workers put up a log cabin

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## Pete Progress and the big clean-up

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Your chamber of commerce works on this principle. It sparks the town into action that's good for everybody. Perhaps right now it's a Spring sprucing up. Store fronts get a face lifting. Paint and brush give buildings a new lease on life. There's a rubbish roundup. Fences straighten up. Hedges get a haircut. All of a sudden the town looks like a shining, scrubbed boy, a minute out of the bathtub. The chamber is constantly working on projects to better the town — parking, traffic control, safety, playgrounds — because nothing is so good for business as an attractive place in which to do business.



*Pete Progress speaks for your chamber of commerce, an organization dedicated to making your community a safer, healthier, pleasanter place to live and work. Every project backed by the chamber is a boost for the community.*

**You can help, too—and active support of your chamber will help you**

to serve as a sugar camp. Others tapped the trees under the guidance of an experienced operator and shortly the town was selling maple syrup — mostly to tourists who stopped to see what was going on.

Every year since then the camp has operated in season. The cabin has been enlarged and equipment added for making maple candy which brings a comfortable profit.

In addition the camp has become a tourist attraction—especially on Sundays in syrup season when the fire department sponsors Sunday breakfasts of "Pancakes with Maple Syrup and Sausage—all you can eat for a dollar."

### Busiest of brains

WHAT may be the world's busiest electrical brain is now turning out answers at Detroit's Wayne University as part of a \$500,000 community industrial education project paid for by more than a score of Detroit's major industries.

In spite of its anticipated heavy schedule, Dr. Arvid Jacobson, director of the Wayne Computation Laboratory, doubts if the new calculator will ever grow old because of a "building-block" construction which permits replacement or alteration of component parts as they become obsolete.

Primary purpose of the new equipment is to train personnel in operating the growing number of electronic computers. But it will also be used for research and to provide answers to questions bothering the contributing firms.

In the business and industrial field the brain is qualified to undertake mathematical problems dealing with insurance tables, mortgage amortizations, artillery firing tables. For engineers it could determine stress and weight factors of a crankshaft or do a complete analysis of the entire engine.

It could, in fact, compute performance of mechanisms before they are even built.

In design work, it could compute dimensions and shapes of such things as cams, templates or molds—many of which are directly based on algebraic and trigonometric formulae.

### Recent issues

BUSINESSMEN'S increasing taste for information is producing a whole new battery of compilations of research material.

Among them are an annotated bibliography of works on "Management Controls" recently issued by the W. E. Upjohn Institute for Community Research. The institute of-



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fers this guide free to those who write to 709 South Westnedge Avenue, Kalamazoo, Mich.

Meanwhile the Public Library of Newark, N. J., has issued a guide to Selected Business Directories. Listed in three small pamphlets are reference books in which it should be possible to find anyone who had ever done anything in almost any field—medicine, business, labor, aviation, banking, hardware, mining—to name only a few. The list sells for 50 cents and is available from the library, 34 Commerce Street, Newark.

## Churchly sales tips

ASSAILED from everywhere with the warning that "this is the year for hard selling," businessmen might refurbish their ideas in this field by finding out what their local churches are doing.

Certainly clergymen and their parishioners are coming up with some novel selling techniques.

On a recent Sunday, for instance, worshippers arrived at an Oxon Hill, Md., church to find the entrance blocked by bricks. Members of the ways and means committee explained that the pile could be moved if each member bought and carried away a solitary brick. Shortly the door was clear and the church had a comfortable addition to its building fund.

St. James Episcopal Church in Hartford, Conn., is paying off a rectory mortgage with cans on the tables in the homes of its congregation. Before each meal, every member of the family drops a penny into the can.

When the Mount Zion Baptist Church at Pratts Community, Miss., ran into difficulty with a \$2,900 debt, it got hold of a 16 acre patch of land and members began raising cotton. They sold the crop and paid the debt in full.

A Presbyterian men's organization in Vail, Iowa, bought lean cattle which members took home and fattened—then turned the profits over to the church.

The First Baptist Church in Bluffton, Ohio, needed \$8,000 for repairs. The pastor borrowed \$1,000 from a bank and distributed it among 153 members. The men bought seed to plant in their gardens; women invested in an upholstery repair shop; the youngsters raised and sold rabbits.

Sales of garden truck, rabbits and repairs netted \$9,574.

And from Wellington, New Zealand, comes the story of the Timaru Congregational Church which sent a flying member up in a plane to frighten geese toward hunters who paid ten shillings for the service.



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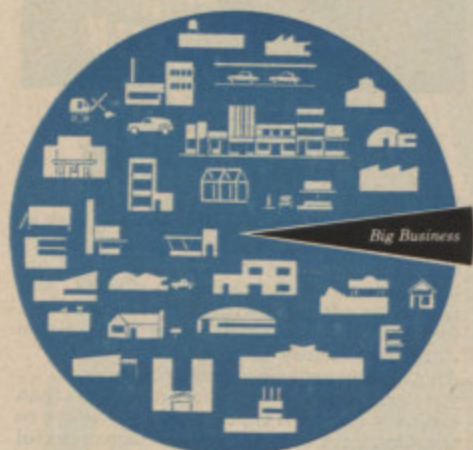


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# SMALL BUSINESS:



# IT IS THE COUNTRY

SMALL BUSINESS is in the news again. It has been there, off and on, for 20 years. It got there in much the same way this continent got into the news in 1492. It was discovered.

Before 1933, proximity hid small business from public view. Because it was everywhere it was nowhere, so far as public consciousness was concerned.

Frequently small business itself did not know it was small. Many of the Companies of Gentleman Adventurers who financed the exploration and colonizing of this continent could qualify as small business under today's fairly arbitrary definitions.

Even as recently as the 1890's small business was still unrecognized. Then, as now, some concerns were bigger than others—a fact which legislators recognized by turning their attention to the big ones. Then as now some men got rich and some—occasionally the same ones—went broke. Some of the busts were spectacular. Some were quiet fade-outs.

But always, between the highly successful who shipped their carriages to Newport and the inept who quit and went to work for somebody else, was the unsung multitude who opened early, closed late, and built a nation.

Nobody called them small businessmen. The fact was that many of them, unknown beyond the next crossroads, were big men by any measurement except,

perhaps, by number of employees or dollars in the business.

These men and their fellows supported the churches and the schools, paved the streets of the small towns. When they saved money they talked it over with the local banker who was also a small businessman, invested it wisely and then retired to warm climates to sit in the sun.

Theirs was a good life and it inspired those who came after them to duplicate it if they could.

Today we are in danger of forgetting that some 4,000,000 of those who came after are doing just that.

It is a perverse irony that we should discover small business through its problems rather than through its contributions.

Certainly small business has problems but an attempt to draw a line between smaller and larger businesses and to extend preferential treatment to either is no solution of the problem of small business.

The greater danger is that we overemphasize the need for help; that in volunteering to help all small business we lead ourselves to believe that all small business needs help.

That way lies chaos because to lose faith in small business is to lose faith in America.

We are what we are today because all over the country businessmen—small by definition, big by ambition, accomplishment, community contribution—are running stores, repair shops, lunch counters, dry cleaning establishments the best they know how with no help from anybody.

When they quit trying, we die, no matter what the big companies do.

Let the big companies quit, on the other hand, and we will be inconvenienced only so long as it takes today's smalls to grow up to meet the need—precisely as today's giants grew.

To live as we do, we will always need giants. Only they can build automobiles, or power plants or railroads. But without the smalls, the giants die, too. And they know it.

What profit to make an automobile without a local dealer to sell it, a filling station to service it, a mechanic to tune it up? General Motors depends on some 18,500 such small businessmen to distribute its products. Why run a power plant if nobody sells light bulbs, or toasters, or is on hand to fix the broken switch on the vacuum cleaner? Why run a railroad except to bring house dresses, or shoes or farm machinery to the dealer in Duluth?

Nobody has yet pointed a finger at the retailer, the mechanic, the equipment dealer and said, "You are a small business and therefore sick."

Nobody had better do it, either, because if we convince them they are sick we're all sick.

Fortunately, for the most part, the small businessman is too busy to be sick.

He runs his business, his local chamber of commerce, sits on the school board, is a trustee in the church, a member of the city council. Once a week he gets together with his fellow small businessmen at the local service club and considers what's wrong with the country.

He would laugh at anyone who told him that, so long as nothing is wrong with him, nothing is wrong with the country.

About that he's mistaken.

He is the country.





Washington Crossing Bridge, Pittsburgh, Pa., was the first major structure in the United States to be painted with aluminum paint (1923-4). It has been repainted only three times

since then, in 1934, 1946 and 1953. Painting contractor: 1953, Johnson Brothers Co., Pittsburgh. Aluminum paint: Puritan Paint Co., Pittsburgh.

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*because Aluminum Paint averages  
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Aluminum paint's outstanding record of protection, beauty and service life on this bridge convinced Allegheny County (Pa.) officials that there's no better paint than aluminum—especially where exposure problems are severe. Result: aluminum paint is specified standard protection for the majority of the County's 565 bridges. On one of these, the West End Bridge, *aluminum paint lasted 18 years before complete repainting was necessary!*

**ALCOA does not make paint.** But as the major supplier of aluminum pigment to the paint industry, we want aluminum paint users to get the kind of service they should from the paint they buy. That's why Alcoa engineers, starting way back in 1923, have worked continuously with Allegheny County officials in the development of the *right* aluminum paint for bridges. From that beginning, aluminum paint has become the most widely used paint in the world for bridges . . . and other major structures as well.

We'll be glad to work with your bridge engineers and public maintenance people on their paint problems. Write us the details today. You will also want our **FREE BOOKLET** *Painting with Aluminum*, for your files.

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ALUMINUM COMPANY OF AMERICA

Paint Service Bureau, Aluminum Company of America  
1797-D Alcoa Building, Pittsburgh 19, Pa.

Please send me your free booklet, *Painting with Aluminum*. I would like your  
recommendations for painting \_\_\_\_\_ with aluminum paint

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# ...solid foundation

## FOR TODAY'S

## COMPACT

## MOTOR DESIGN

There are, as you know, new NEMA Standards for electric motors ... more power in less space.

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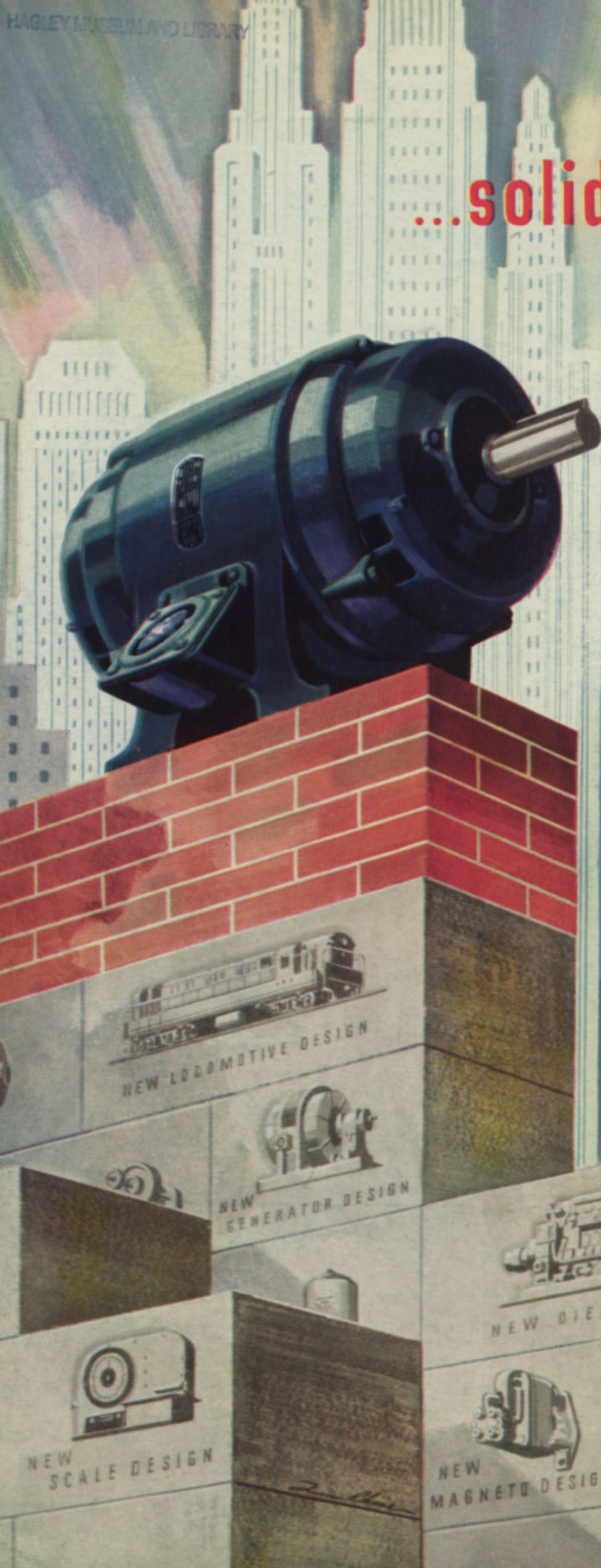
Like the recent Fairbanks-Morse developments in other lines, the new F-M motor is the result of a basic engineering philosophy: More Performance in Less Space—a 120-year tradition at Fairbanks-Morse. Fairbanks, Morse & Co., 600 South Michigan Avenue, Chicago 5, Illinois



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